Viewpoint 2012

Integra Realty Resources
Real Estate Value Trends

155 N. Wacker Drive, Chicago, Illinois

Local Expertise. National Reach.

Integra Realty Resources, Inc. provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, clients utilize our extensive market research, specialized skills and deep experience to make highly informed decisions on their real estate investments.

Each of our 61 IRR offices is managed by an MAI designated managing director with an average of over 25 years of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access and historical perspective needed to make the most informed decisions. IRR's focus on valuation covers individual properties and extends to large portfolio assignments spanning the spectrum of property types.

Many of the world's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions. Experience IRR's perspective today in order to make better decisions tomorrow.

The front cover photo is the 101 California Street office building in the Financial District of San Francisco, CA. The building contains 1.2 million SF and was most recently appraised by IRR-San Francisco in 2011.

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Chairman's Letter

Dear Friends and Colleagues:

As the newly elected Chairman of IRR, I am proud to inform you that our firm continues to grow as the nation's largest commercial real estate valuation and counseling firm. We now have more than 900 professionals located in our 61 North American offices completing over 38,000 valuations and consulting assignments in the last year alone. This 22nd edition of our annual IRR-Viewpoint publication incorporates research and analysis from our 61 offices across North America, providing insightful market reconnaissance regarding all of the major property investment sectors, as well as insights from our strategic partners from abroad.

Looking back, it was certainly refreshing to see commercial real estate values begin to recover in most markets and property sectors this year, as IRR predicted they would in this publication last year. There are, however, still headwinds impeding significant growth in 2012 and beyond which must be recognized and further examined. The stubborn unemployment rate and uncertainty regarding America's fiscal policies continue to concern investors across asset classes, and real estate investment professionals are no exception.

IRR recognizes that during periods beset by such anxiety and uncertainty, our clients' need for more timely and reliable data on the real estate markets is critical. As a result, I am proud to announce that IRR will be increasing the frequency of the publication of its IRR-Viewpoint from an annual basis to a quarterly basis in 2012. We believe that our clients and the real estate community will benefit from more frequent updates of valuation trends from over 160 MAI's, 42 FRICS, and 44 MRICS in 61 markets. You can be confident that this information is based upon data researched and evaluated by IRR professionals who actively participate in the real estate community in each of the reported markets, providing unparalleled ***Local Expertise… Nationally.***

Sincerely,

Raymond T. Cirz

Raymond Cirz, MAI, CRE, FRICS
Chairman of the Board
Integra Realty Resources, Inc.

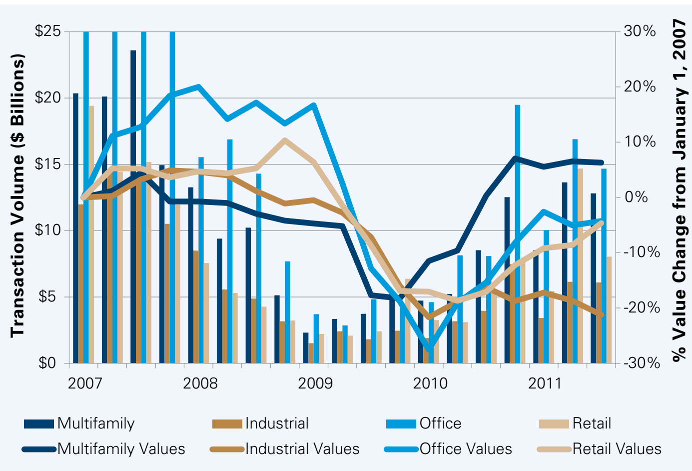
National Real Estate

By: Jeffrey Rogers
President & COO
Integra Realty Resources, Inc.

Real estate markets in the United States generally continued their rebounding trend in 2011 and are approaching stabilization in some of the stronger institutional investment markets. IRR projects much of the same to continue in 2012, with the recovery in values for institutional quality assets continuing to spread to secondary markets.

The value of institutional real estate assets continued to recover in 2011, with multifamily assets exhibiting especially strong value growth. The notable exception to this trend is that industrial asset prices remain depressed more than 20% from their pre-2007 crash valuations. Transaction volumes appear to have reached a temporary plateau through the first three quarters of 2011 after trending steadily higher in 2010. This slowdown is likely partially a result of the uncertainty in the investment markets surrounding the U.S. fiscal crises and European credit woes.

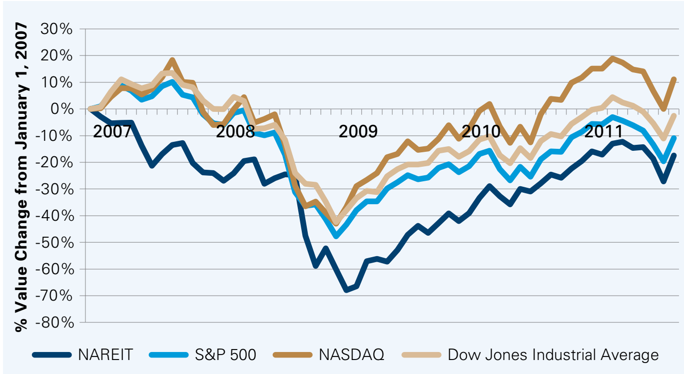
Transaction Volumes & Value Changes (Fig. 1)



 Source: Real Capital Analytics, compiled by IRR

The NAREIT index, while performing quite well in 2011 on an absolute basis, still trails other major equity index benchmarks since the beginning of 2007 in terms of performance. The NASDAQ is the only major index to fully recover and gain value in this time frame, largely due to

Real Estate Performance Versus the Market (Fig. 2)



 Source: Yahoo Finance, compiled by IRR

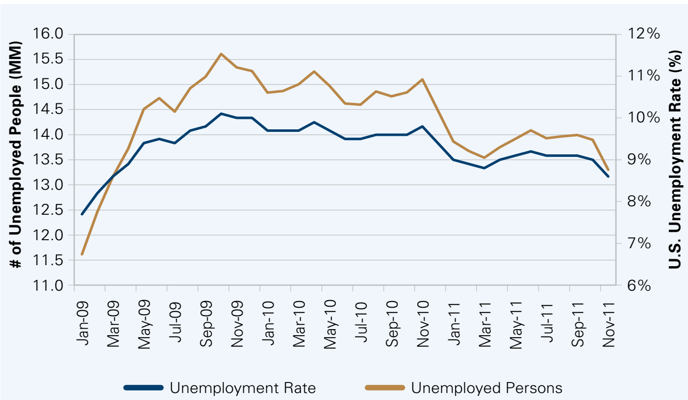
Apple's stock price more than quadrupling over this period, causing the company to rival Exxon-Mobil as the world's largest company in terms of market capitalization.

As previously mentioned, while the real estate sector as a whole is still recovering, the multifamily sector within the class has fully recovered and is generally trading at a premium to its previous peak valuations in 2007. This strong rebound is due to a combination of two main factors. First, the underlying fundamentals for multifamily assets have generally improved. National occupancy rates have risen from 92% to 94.4% over the last two years alone, while average rental rates have grown 7% since 2007. Secondly, the low interest rate environment and availability of debt for multifamily assets provides material positive leverage even when investing at low capitalization rates. This has resulted in the multifamily sector recovering more quickly than other product types, and many IRR markets across the country now report that the sector is expanding.

IRR's research of the office markets around the country indicates only small improvements in vacancy and absorption fundamentals in 2011 over the previous two years. This seems to confirm that despite the fact that the economy grew at a decent rate throughout the past year, job growth stagnation is greatly affecting the demand for office space. Despite the lack of significant improvement in the demand for office space, investor demand for the product type returned somewhat in 2011, with transaction volumes in each quarter far exceeding volumes in 2009 and 2010. Such investor demand was at least partially driven by a "flight to safety" during a year of volatile equity markets, with institutional quality office assets providing what is perceived to be a relatively safe investment option that also provided increasingly wider yield premiums to other safety investments like U.S. Treasuries. In fact, our research indicates that the yield premium above the 10-year Treasury rate for investing in Central Business District (CBD) office assets reached a 15-year high at the end of the 3rd Quarter of 2011.

The unemployment rate finally showed signs of abating in the October and November reported figures. However, a deeper look into the lower reported unemployment rate reveals that much of the supposed gain was a result of frustrated workers abandoning their job searches and temporary retail hires for the holiday season rather than strong permanent job growth employing substantially more people. Thus, despite the fact that equity markets responded positively to the news, it is unlikely that these reported changes in employment figures will materially impact demand for commercial real estate space.

U.S. Unemployment (Fig. 3)



© 2011 Integra Realty Resources, Inc. *Source: United States Bureau of Labor Statistics*

Investor demand for retail assets also returned somewhat in 2011. The large portfolio transaction of note in the space was Blackstone's acquisition of the Centro Properties portfolio of nearly 600 retail mall assets in the United States for $9.4 billion. Also, Simon Property Group consolidated majority ownership of the King of Prussia Mall – the largest retail center in America in terms of leasable retail area – by buying out another Australian partner in Lend Lease. The return of investment into large retail portfolios and assets marks a significant departure from the real estate markets for these assets in the previous three years. However, while demand for large regional retail assets recovered strongly in 2011, community retail centers and especially neighborhood retail centers (with the exception of grocery anchored centers) lagged this trend, as investors worried about retail demand due to sluggish job growth and depressed housing markets. A further trend to watch in the retail industry in 2012 and beyond is retailers downsizing their store formats, with major retailers like Wal-Mart and Target exploring smaller store formats to promote sales growth in urban core markets. Many other retailers like Best Buy are electing to downsize store formats in suburban markets in an effort to reduce overhead costs and better compete with online retailers.

Industrial markets in the United States have also begun the recovery process. IRR's research indicates that the underlying fundamentals in the industrial sector have improved only slightly over the course of the last three years, as a glut of speculative space built throughout the country prior to the crash is only now beginning to be absorbed. With this space beginning to be absorbed and little speculative building adding supply to the market in recent years, the sector could be poised for the strongest rebound in coming years as demand for space recovers.

More specialized products like lodging, self-storage, and seniors housing and healthcare also began or continued recovering in 2011. The lodging sector continued its momentum from 2010 with smaller yet positive gains in average room rates and occupancy levels, though future room demand is considered fragile. The self-storage sector also saw improving fundamentals in 2011, but a glut of supply in some markets could quickly affect fundamentals if macroeconomic conditions worsen. The seniors housing and healthcare sector faced significant consolidation among major players in 2011, and the prospects for this sector will be largely driven by the effects of potential Medicare and Medicaid reforms.

The recovery in domestic commercial real estate markets is expected to continue in 2012, however, the prospects for continued recovery are fragile. A further downturn in the U.S. housing markets or a worsening of the European debt crises could easily stall the recovery. Volatility in the oil markets as the U.S. withdraws from Iraq and the geopolitical drama surrounding Iran's nuclear ambitions could also affect economic demand and real estate markets. IRR stands ready to analyze the affects of such shifting environmental factors on the valuations of commercial real estate in 2012 and beyond.

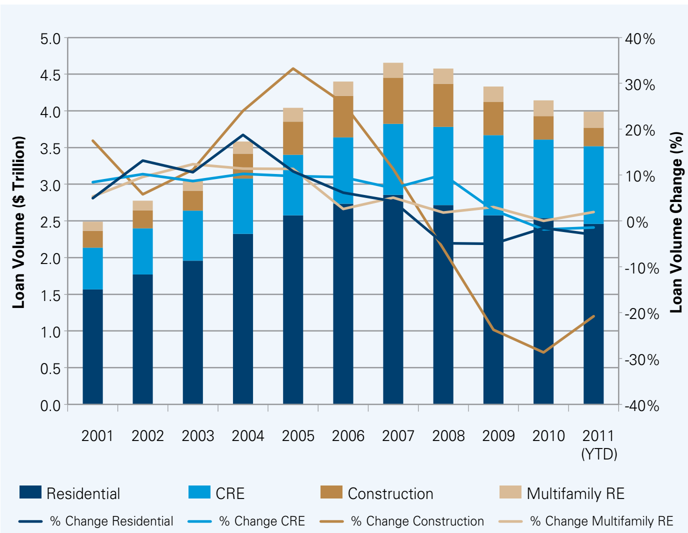
Capital Markets

By: Brandon K. Nunnink, CFA
Managing Director
IRR Corporate & Public Finance, LLC

One unmistakable fact that has become more apparent over the course of the most recent boom and bust cycle for commercial real estate (CRE) is that values for CRE assets are heavily correlated with the availability of financial leverage for the product in question. Financial leverage for CRE products can come from several facets of the related capital markets. Because these capital markets dramatically impact the values of CRE assets, IRR closely monitors the capital markets for evidence of trends which need to be further explored in order to fully understand the direction and magnitude of possible CRE valuation shifts.

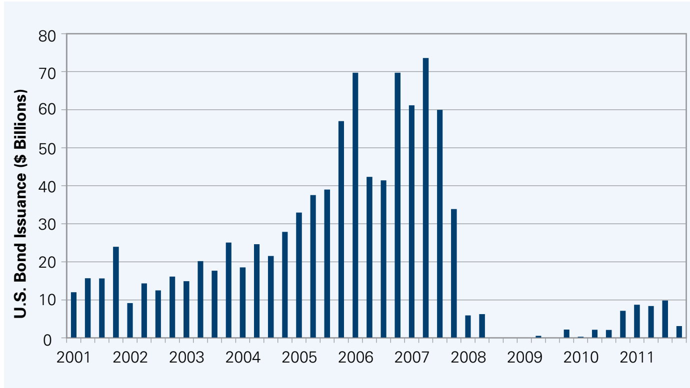
The capital markets for CRE faced another volatile year in 2011. There are two key differences between the CRE capital markets from the market peak in 2007 to the current environment. First, there remains little or no appetite in the markets for construction or lease up risk. The following chart depicts the gradual drop off in total real estate related loan volume from financial institutions from 2007, and especially highlights the sharp reduction in construction and land development lending.

Real Estate Related Loans (Fig. 4)



© 2011 Integra Realty Resources, Inc. *Source: FDIC*

CMBS Issuance (Fig. 5)



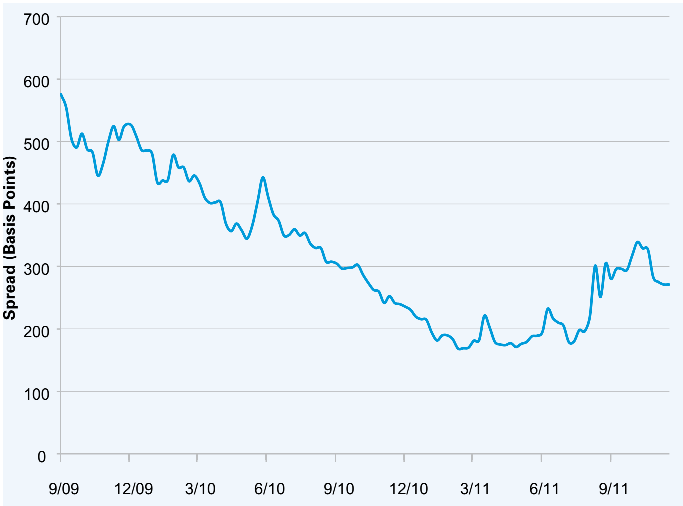
© 2011 Integra Realty Resources, Inc. *Source: Commercial Mortgage Alert*

The second major change in the capital markets since the beginning of the downturn has been the reduction in credit provided by commercial mortgage backed securities (CMBS), which by the peak of 2007 accounted for approximately 44% of all CRE financing. As default rates on subprime residential mortgage pools skyrocketed in 2007, the CMBS issuance pipeline came to a crashing halt as bond investors paused their buying activity in all securitized products in order to more closely examine the collateral underlying the securities.

Default rates on CMBS issuances moderated in 2011 after climbing for nearly three years. However, the warehousing risk from issuers as they hold loans for bundling prior to securitization has grown quite large again, with bond spreads returning to a level of volatility not seen since 2008 after nearly two years of steady declines. Without proper hedging tools at the bond issuers' disposal, many issuers have chosen to remain on the sidelines until bond spread volatility subsides. As a result, CMBS issuance remains stalled at a fraction of its peak levels, with 2011 YTD domestic issuance totaling around $30 billion, or less than 15% of the issuance rate of the 2007 peak.

The lack of credit from financial institutions as well as CMBS issuers has halted the development pipelines of most asset classes throughout the country, which should lead to improved real estate fundamentals over time as existing supply is absorbed.

U.S. 10 Year AAA Swap Spreads (Fig. 6)



© 2011 Integra Realty Resources, Inc. *Source: Trepp*

With capital supplies from commercial banks and the CMBS markets relatively stagnant, market participants have been forced to raise equity or go directly to the capital markets for unsecured credit. This has provided some private equity funds and REITs with a market advantage. While the private equity funds' capital activities are difficult to accurately track, REITs' capital activities are easily monitored and summarized as follows:

Historical REIT Securities Offerings (Fig. 7)

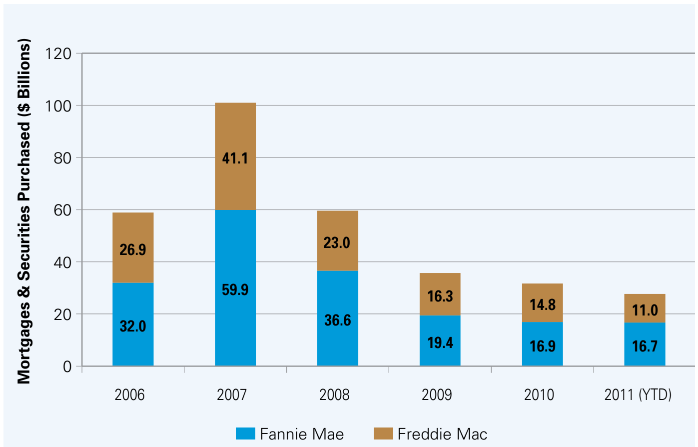
	Equity		Debt		Total Capital	
	#	$ (Billions)	#	$ (Billions)	#	$ (Billions)
2006	119	$22.2	85	$26.8	204	$49.0
2007	86	$17.9	43	$18.2	129	$36.0
2008	71	$12.8	11	$5.2	82	$18.0
2009	96	$24.2	34	$10.4	130	$34.7
2010	117	$28.2	56	$19.2	173	$47.5
2011	120	$35.7	26	$9.7	146	$45.4

© 2011 Integra Realty Resources, Inc. *Source: NAREIT*

REITs took advantage of favorable equity valuations and more liquid credit markets to raise capital in 2010. In 2011, credit markets remained favorable until the summer when uncertainty surrounding the August downgrade of the U.S. credit rating began to cause the secured credit market to tighten again, and only $250 million in REIT debt has been issued since June 2011. Thus, REITs have had to rely primarily on secondary stock issuances and preferred equity capital raises to fund acquisitions in that time period.

The notable exception to the credit contraction problem facing the CRE sector has been the multifamily sector, where Fannie Mae and Freddie Mac have continued lending. Through the first three quarters of 2011, Fannie and Freddie are on pace to increase their mortgage purchase volumes, driving further capital to the sector at relatively low interest rates. Access to capital at attractive interest rates in combination with strong sector fundamentals has driven substantial transaction volume and value increases in the multifamily sector in 2011.

Multifamily Mortgages & Securities Purchased (Fig. 8)



© 2011 Integra Realty Resources, Inc. *Sources: Fannie Mae, Freddie Mac*

The relative scarcity of capital from traditional sources will continue to limit investment activity in 2012 and drive acquisitions to REITs and private investors with access to equity capital. IRR has observed that the investment community's relative flight to safety in 2011 has acted to drive prices up and yields down for multifamily assets as well as traditional CRE assets located in large primary markets. In 2012, the capital markets' willingness to finance higher yielding transactions in more secondary markets will be largely impacted by the outcome of the European credit crises as well as the U.S. election cycle and its implications on domestic fiscal policies.

New Investment Criteria

As the nation's largest provider of commercial real estate valuation and counseling services, IRR is uniquely positioned to survey its Managing Directors in order to glean insights into national and local real estate trends. Our annual review of real estate investment criteria provides both a snapshot of real estate markets as they exist as 2011 turns to 2012 as well as providing value trend projections from IRR local market experts throughout the country.

In addition to providing broad local insights into the major metropolitan areas for office, retail, industrial, and multifamily product types, IRR also relies on its nationally recognized industry experts in Lodging, Self-Storage, and Seniors Housing in order to provide our valued clients and the marketplace more knowledge on the state of these unique asset classes.

Real estate investment is increasingly crossing national borders, and IRR recognizes this and aims to continue to expand our market reach to North America and beyond in 2012. As such, we also provide market insights from Japan and Canada, and look forward to expanding our international coverage in years to come.

Market Cycle Phases

Throughout *IRR-Viewpoint 2012*, we refer to four market cycle phases as follows: Recovery, Expansion, Hypersupply, and Recession. These product cycle phases are defined at the bottom of each cycle chart for the user's ease of reference.

Each IRR office develops analyses regarding vacancy rate trends, expected new construction starts, forecasted absorption figures, and employment growth forecasts to guide them as they assign a cycle phase to each product type within the markets that they serve. The investment potential of real property within a market is most often influenced by the real estate fundamentals and macroeconomic trends affecting the market in question. Thus, IRR's projection of cycle charts can serve as a strong leading indicator as to the direction of value changes within metropolitan areas and even investment product classes within those markets.

Cap Rate Ranks (Fig. 9)

2011 Rank	Property Type	2011 Low (%)	2011 High (%)	2011 Avg. (%)
1	Urban Multifamily	4.00	9.75	6.32
2	Suburban Multifamily	4.25	8.50	6.36
3	Regional Mall	6.00	9.50	7.57
4	Community Mall	5.75	9.00	7.83
5	Neighborhood Strip	5.75	9.25	7.96
6	CBD Office	5.25	12.75	7.98
7	Suburban Office	6.50	10.00	8.13
8	Bulk	6.75	10.00	8.13
8	Office/Warehouse	6.75	10.00	8.22
10	R&D	6.75	9.50	8.46
11	Manufacturing	6.75	10.50	8.51
12	CBD Lodging	7.00	11.00	9.18
13	Airport Lodging	7.50	11.50	9.50
14	Suburban Lodging	8.00	11.50	9.52

Capitalization Rates

Comparison of capitalization rates between product types and various markets is a useful exercise which can provide valuable insight regarding investors' perception of relative value between product types and/or market fundamentals. However, specific property valuations and capitalization rates are affected by many factors, including but not limited to, specific supply and demand fundamentals within the asset's submarket conditions, as well as the credit quality of the income stream associated with the property. The capitalization rates provided herein are only to be considered informational in nature, and for actual capitalization rates and other valuation metrics for a specific property, please contact your local IRR professional.

Capitalization rates compressed in 2011 across all product types in accordance with IRR's predictions from last year's survey. Also of note, neighborhood strip retail passed CBD office in terms of national investment preference as judged by lower average going-in capitalization rates. However, this trend is likely skewed by the even weighting of all surveyed markets. Based on a weighted analysis, IRR concludes that the CBD Office sector in major financial centers is the second most preferred real estate investment sector after multifamily.

Projected Cap Rate Change (Fig. 10)

Property Type	Decline (%)	Increase (%)	Stable (%)
CBD Office	31.7	6.7	61.7
Suburban Office	31.7	5.0	63.3
Regional Mall	22.2	1.9	75.9
Community Mall	28.3	3.3	68.3
Neighborhood Strip	21.7	1.7	76.7
Manufacturing	27.3	1.8	70.9
Bulk	37.3	1.7	61.0
Office/Warehouse	38.3	1.7	60.0
R&D	28.1	1.8	70.2
Urban Multifamily	50.0	3.4	46.6
Suburban Multifamily	55.0	3.3	41.7
CBD Lodging	33.9	3.6	62.5
Suburban Lodging	35.1	1.8	63.2
Airport Lodging	35.1	1.8	63.2
Average	**34.0**	**2.8**	**63.2**

Further capitalization rate compression is predicted in 34% of the IRR markets across all asset classes. With 50% and 55% of respondents predicting capitalization rate compression for urban and suburban multifamily assets, respectively, this product type is again predicted to lead all classes in value growth in 2012-13. IRR professionals are least confident about the prospects of office capitalization rates, with rate increases predicted in some of the already hardest hit markets such as Detroit, Las Vegas, and Phoenix.

Discount Rate Ranks (Fig. 11)

2011 Rank	Property Type	2011 Low (%)	2011 High (%)	2011 Avg. (%)
1	Urban Multifamily	4.50	12.00	8.02
2	Suburban Multifamily	4.25	11.00	8.15
3	Regional Mall	7.00	11.00	9.03
4	Community Mall	7.00	10.50	9.06
5	Neighborhood Strip	7.00	11.00	9.16
6	CBD Office	6.50	13.00	9.21
7	Bulk	8.00	12.00	9.33
8	Suburban Office	7.75	12.00	9.36
8	Office/Warehouse	8.00	11.50	9.39
10	R&D	8.00	11.50	9.62
11	Manufacturing	8.00	12.00	9.65
12	CBD Lodging	8.50	13.00	10.73
13	Airport Lodging	9.00	13.00	11.09
14	Suburban Lodging	9.00	13.75	11.09

Discount Rates

Discount rates also tightened in 2011. Multifamily discount rates tightened the most year over year, while Regional Mall and CBD Office rates tightened the least. With 31.2% of IRR's markets reporting an expectation that discount rates will decline in 2012, it appears that there is less confidence that long-term values will appreciate at a faster rate than the value appreciation expected in 2012 alone.

Projected Discount Rate Change (Fig. 12)

Property Type	Decline (%)	Increase (%)	Stable (%)
CBD Office	30.0	5.0	65.0
Suburban Office	28.3	3.3	68.3
Regional Mall	26.4	0.0	73.6
Community Mall	25.4	1.7	72.9
Neighborhood Strip	16.9	1.7	81.4
Manufacturing	29.1	1.8	69.1
Bulk	34.5	1.7	63.8
Office/Warehouse	35.6	0.0	64.4
R&D	22.8	1.8	75.4
Urban Multifamily	49.1	3.5	47.4
Suburban Multifamily	52.5	3.4	44.1
CBD Lodging	30.4	1.8	67.9
Suburban Lodging	28.1	1.8	70.2
Airport Lodging	28.1	1.8	70.2
Average	**31.2**	**2.1**	**66.7**

Interpretation of Survey Data

All data reported on Pages 8 and 9 are for Class A properties only, while the market conditions information presented later in the product type sections are for all available properties. Inventory figures for some IRR markets have drastically increased year over year due to an expansion of primary coverage areas in the surveyed data.

Real estate markets throughout the country generally continue to recover. Cycle reports from IRR markets show office and retail markets evenly split between recession and recovery cycles, while industrial markets appear to be further along in the recovery process, and the multifamily sector is reported to be by far the most advanced in the recovery process with some markets even reporting that they are experiencing expansion cycle metrics. Underlying real estate fundamentals, reported in further detail in the product type sections, generally exhibited small improvements in 2011, which along with capitalization rate compression across all product types resulted in value recoveries from recessionary troughs for all product types nationally, with larger markets experiencing stronger value recovery in 2011.

2012 Capitalization Rates, Discount Rates, Reversion Rates, Market Rent Change Rates, Expense Growth Rates and Tenant Finish Allowances (Table 13)

GOING-IN CAP RATE (%) — Property Type	Atlanta, GA	Austin, TX	Baltimore, MD	Boise, ID	Boston, MA	Charlotte, NC	Chicago, IL	Cincinnati, OH	Cleveland, OH	Columbia, SC	Columbus, OH	Dallas, TX	Dayton, OH	Denver, CO	Detroit, MI	Fort Worth, TX	Greensboro, NC	Greenville, SC	Hartford, CT	Houston, TX	Indianapolis, IN	Jacksonville, FL	Kansas City, MO/KS	Las Vegas, NV	Long Island, NY	Los Angeles, CA	Louisville, KY	Memphis, TN
CBD Office	8.00	7.00	7.00	7.25	5.50	8.00	7.25	8.75	9.50	8.25	8.75	7.50	12.75	6.50	10.25	7.75	8.25	8.00	9.50	8.25	8.75	8.00	8.00	8.25	8.00	7.00	7.30	8.50
Suburban Office	8.00	7.25	7.00	8.50	7.50	8.50	8.00	9.00	8.50	8.25	8.75	8.00	9.25	7.00	9.50	7.50	8.75	8.25	8.75	8.75	8.50	8.50	8.25	8.25	8.00	7.00	8.00	8.00
Regional Mall	8.50	7.50	6.75	8.00	6.00	7.50	7.50	9.00	7.75	8.00	9.00	7.50	9.50	6.75	8.50	7.50	7.75	8.00	7.75	8.00	8.00		8.00	7.50	6.25	7.25	8.00	8.25
Community Mall	8.00	7.75	6.50	8.25	7.25	7.75	8.00	8.75	8.50	8.00	9.00	7.00	9.00	7.75	8.75	7.00	8.00	8.00	8.50	8.50	8.50	8.75	8.00	8.00	7.50	7.25	8.50	8.00
Neighborhood Strip	8.00	7.75	6.50	8.50	7.50	7.50	8.25	9.25	8.75	7.50	9.00	7.00	9.25	7.75	9.25	7.00	7.75	7.25	8.50	9.25	9.00	8.50	8.00	8.50	7.50	7.25	7.80	9.00
Manufacturing	9.00	8.00	8.25	8.25	8.50		7.50	9.00	9.00	9.00	9.00	8.50	9.25	7.75	10.50	8.50		8.75	9.00	9.00	10.00		9.00	8.50	8.50	6.75	8.50	8.50
Bulk	8.25	8.00	7.25	8.00	7.75	7.75	7.25	9.00	9.00	8.25	8.50	7.00	9.25	8.00	10.00	7.00	8.25	8.25	8.50	8.50	8.00	8.50	8.00	8.50	8.00	6.75	8.00	8.00
Office/Warehouse	8.00	8.00	7.50	8.25	7.75	7.75	7.50	8.75	8.75	8.00	9.00	7.00	9.25	7.75	10.00	7.00	8.25	8.00	8.50	8.00	9.00	9.00	9.00	8.50	8.00	6.75	9.50	8.50
R&D	8.50	8.00	8.00	8.00	8.00	8.25	7.75	8.75	9.00	8.75	9.00	8.75	9.25	8.25	9.50	8.75	8.50	8.75	8.50	8.00	9.00		9.00	8.50	8.25	6.75	9.50	8.50
Urban Multifamily	5.50	5.75	5.50	6.75	4.50	5.25	5.75	7.75	7.50	6.75	7.00	5.75	8.50	5.00	9.75	5.75	5.75	6.50	5.50	6.00	7.50	6.50	7.00		5.75	5.25	7.00	6.75
Suburban Multifamily	6.00	6.25	5.50	6.75	5.25	5.25	6.50	7.75	7.50	6.25	8.00	6.25	8.25	5.75	8.00	6.25	5.75	6.00	6.50	6.75	7.50	6.75	6.25	6.50	5.50	5.25	7.00	6.75
CBD Lodging	9.00	8.00	9.00	9.75	8.75	9.75	9.50	10.00	9.25	9.00	9.75	9.50	10.50	8.00	10.50	9.50	10.00	9.00	9.50	8.25	8.75	9.00		10.00	8.75	8.50	8.80	10.00
Suburban Lodging	9.75	8.50	9.00	10.00	8.75	10.25	10.50	10.00	9.25	10.00	10.00	9.50	10.50	9.00	10.00	9.50	10.50	10.00	9.50	9.25	9.25	9.50		10.00	8.75	8.50	8.50	10.00
Airport Lodging	9.50	8.50	9.00	10.00	8.75	10.25	10.00	10.00	9.00	10.00	10.25	9.50	10.50	9.50	10.00	9.50	10.50	10.00	9.75	9.25	10.25	9.50		10.00	8.75	8.50	8.00	11.50

GOING-IN DISCOUNT RATE (%) — Property Type	Atlanta, GA	Austin, TX	Baltimore, MD	Boise, ID	Boston, MA	Charlotte, NC	Chicago, IL	Cincinnati, OH	Cleveland, OH	Columbia, SC	Columbus, OH	Dallas, TX	Dayton, OH	Denver, CO	Detroit, MI	Fort Worth, TX	Greensboro, NC	Greenville, SC	Hartford, CT	Houston, TX	Indianapolis, IN	Jacksonville, FL	Kansas City, MO/KS	Las Vegas, NV	Long Island, NY	Los Angeles, CA	Louisville, KY	Memphis, TN
CBD Office	9.00	8.75	8.25	9.00	6.75	9.00	8.00	10.25	9.25	9.25	9.50	10.00	13.00	8.00	11.25	10.00	9.25	9.00	11.00	9.25	9.50	8.50	9.00	9.00	8.75	9.00	8.80	9.50
Suburban Office	9.00	8.75	8.25	10.25	8.75	9.50	8.75	10.50	8.50	9.25	9.50	8.75	10.75	8.25	10.75	8.75	9.75	9.00	10.75	9.75	9.25	9.00	9.00	9.00	8.50	9.00	9.30	9.00
Regional Mall	9.00	8.50	8.00	9.75	7.25	9.50	8.50	11.00	8.25	9.50	10.00	9.75	11.00	8.00	11.00	9.75	9.75	9.50	9.00	9.00	9.00		9.00	8.00	7.75	9.25	10.20	10.25
Community Mall	9.00	8.75	7.75	10.00	8.50	9.00	9.00	10.25	9.00	9.25	10.00	8.25	10.50	9.00	10.00	8.25	9.25	9.25	9.50	9.50	9.50	9.25	9.00	9.00	8.00	9.25	10.00	10.25
Neighborhood Strip	9.00	8.75	7.75	10.25	8.75	8.75	8.75	10.50	9.00	8.75	10.00	8.25	10.25	9.00	10.50	8.25	9.00	8.50	9.50	10.25	10.00	9.00	9.00	9.50	8.50	9.25	9.50	10.50
Manufacturing	9.00	8.75	9.75	10.00	9.75		8.50	10.00	10.50	10.00	9.50	8.75	10.25	8.75	11.00	9.75		9.75	11.00	10.00	10.50		10.00	9.00	9.00	8.75	10.50	9.25
Bulk	9.25	8.75	8.50	9.75	9.00	8.75	8.25	9.75	10.50	9.25	9.00	8.25	10.25	9.00	11.25	8.25	9.25	9.25	11.00	9.50	9.00	9.00	9.00	9.00	8.25	8.75	9.50	9.00
Office/Warehouse	9.00	8.75	8.75	10.00	9.00	8.75	8.50	9.75	9.50	9.50	9.50	8.25	10.25	8.25	11.50	8.25	9.25	9.50	10.50	9.00	10.00	9.50	10.00	9.00	8.25	8.75	11.00	9.25
R&D	9.50	8.75	9.25	9.75	9.25	9.75	8.75	9.75	9.75	9.75	9.50	9.75	10.25	9.25	11.25	9.75	10.00	9.75	11.00	8.50	10.00		10.00	9.00	8.75	8.75	11.00	9.25
Urban Multifamily	6.50	7.75	6.75	8.50	5.75	8.00	7.00	8.75	9.00	8.75	8.00	8.25	9.50	7.25	9.75	8.25	8.25	8.50	8.00	7.00	9.50	7.00	8.00		7.75	7.25	8.50	7.75
Suburban Multifamily	7.00	8.25	6.75	8.50	6.50	8.00	7.50	8.75	9.00	8.75	9.00	8.75	9.25	7.75	9.75	8.75	8.25	8.50	8.50	7.75	10.00	7.25	7.50	7.50	7.75	7.25	8.50	7.75
CBD Lodging	10.00	10.50	10.50	11.50	10.00	11.25	10.50	12.00	10.50	11.25	10.75	10.25	12.50	9.50	11.25	10.25	11.50	11.25	11.00	9.25	11.25	12.00		12.00	9.25	10.50	10.00	12.00
Suburban Lodging	11.00	10.75	10.50	11.75	10.00	11.75	11.50	12.00	10.50	11.50	11.50	10.50	12.50	10.25	10.75	10.50	12.00	11.50	12.00	10.25	11.75	12.50		12.00	9.25	10.50	9.50	12.00
Airport Lodging	10.50	10.75	10.50	11.75	10.00	11.75	11.00	12.00	10.75	11.50	11.75	10.50	12.50	10.75	10.78	10.50	12.00	11.50	12.00	10.25	12.50	12.50		12.00	9.25	10.50	9.00	13.00

REVERSION CAP RATE (%) — Property Type	Atlanta, GA	Austin, TX	Baltimore, MD	Boise, ID	Boston, MA	Charlotte, NC	Chicago, IL	Cincinnati, OH	Cleveland, OH	Columbia, SC	Columbus, OH	Dallas, TX	Dayton, OH	Denver, CO	Detroit, MI	Fort Worth, TX	Greensboro, NC	Greenville, SC	Hartford, CT	Houston, TX	Indianapolis, IN	Jacksonville, FL	Kansas City, MO/KS	Las Vegas, NV	Long Island, NY	Los Angeles, CA	Louisville, KY	Memphis, TN
CBD Office	8.50	7.50	7.50	7.50	6.00	8.25	7.50	9.25	9.75	8.50	9.00	9.00	13.25	7.00	10.75	9.00	8.50	8.25	10.00	8.75	9.25	8.25	8.50	8.50	8.25	7.50	7.50	9.00
Suburban Office	8.50	7.75	7.50	8.75	8.00	8.75	8.50	9.50	9.00	8.50	9.00	7.75	11.25	7.50	10.00	7.75	9.00	8.50	9.25	9.25	9.00	8.75	8.75	8.50	8.25	7.50	9.00	8.50
Regional Mall	9.00	8.00	7.25	8.25	6.50	7.75	8.00	10.00	8.25	8.25	9.50	8.25	10.25	7.25	9.00	8.25	8.00	8.25	8.25	8.50	8.50		8.50	7.50	6.50	7.75	8.80	8.75
Community Mall	8.50	8.25	7.00	8.50	7.75	8.00	8.25	9.25	9.00	8.25	9.50	7.25	9.50	8.00	9.25	7.25	8.25	8.25	9.00	9.00	9.00	9.00	8.50	8.50	7.75	7.75	8.50	8.50
Neighborhood Strip	8.50	8.25	7.00	8.75	8.00	7.75	8.50	9.75	9.25	7.75	9.50	7.50	10.00	8.00	9.75	7.50	8.00	7.75	9.00	9.75	9.50	8.75	8.50	9.00	8.25	7.75	8.20	9.50
Manufacturing	9.50	8.50	8.75	8.50	9.00		7.75	9.75	9.75	9.25	9.25	8.00	10.00	8.25	11.00	8.75		9.25	9.50	9.50	10.25		9.50	8.50	9.00	7.25	8.70	9.00
Bulk	8.75	8.50	7.75	8.25	8.25	8.00	7.50	9.50	9.75	8.50	8.75	7.50	10.00	8.50	10.50	7.50	8.75	8.50	9.00	9.00	8.50	8.75	8.50	8.50	8.25	7.25	8.50	8.50
Office/Warehouse	8.50	8.50	8.00	8.50	8.25	8.00	7.75	9.25	9.00	8.25	9.25	7.50	10.00	8.25	10.50	7.50	8.75	8.25	9.00	8.50	9.50	9.25	9.50	8.50	8.25	7.25	10.00	9.00
R&D	9.00	8.50	8.50	8.25	8.50	8.75	7.50	9.25	9.50	9.00	9.25	8.75	10.00	8.75	10.00	8.75	9.00	9.00	9.00	9.00	9.50		9.50	8.50	9.00	7.25	10.00	9.00
Urban Multifamily	6.00	6.25	6.00	7.00	5.00	5.50	6.50	8.25	8.00	7.00	7.50	6.00	9.00	5.50	10.25	6.00	6.00	6.75	6.00	6.50	8.00	6.75	7.50		7.75	5.75	7.40	7.25
Suburban Multifamily	6.50	6.75	6.00	7.00	5.75	5.50	7.00	8.25	8.00	6.50	8.50	6.50	8.75	6.25	8.50	6.50	6.00	6.50	7.00	7.25	8.50	7.00	6.75	7.00	6.50	5.75	7.40	7.25
CBD Lodging	9.25	8.75	9.50	10.00	9.25	10.25	9.75	10.50	9.75	9.25	10.25	9.75	10.75	8.75	11.00	9.75	10.50	9.25	10.00	8.75	9.25	9.25		11.50	9.00	9.00	8.50	10.50
Suburban Lodging	10.25	9.25	9.50	10.25	9.25	10.75	10.75	10.50	9.75	10.25	10.50	9.75	10.75	9.75	10.50	9.75	11.00	10.25	10.00	9.75	9.75	9.75		11.50	9.00	9.00	9.00	10.50
Airport Lodging	9.75	9.25	9.50	10.25	9.25	10.75	10.25	10.50	9.50	10.25	10.50	9.75	10.75	10.25	10.50	9.75	11.00	10.25	10.25	9.75	10.75	9.75		11.50	9.00	9.00	8.50	12.00

MARKET RENT INFLATOR (%) — Property Type	Atlanta, GA	Austin, TX	Baltimore, MD	Boise, ID	Boston, MA	Charlotte, NC	Chicago, IL	Cincinnati, OH	Cleveland, OH	Columbia, SC	Columbus, OH	Dallas, TX	Dayton, OH	Denver, CO	Detroit, MI	Fort Worth, TX	Greensboro, NC	Greenville, SC	Hartford, CT	Houston, TX	Indianapolis, IN	Jacksonville, FL	Kansas City, MO/KS	Las Vegas, NV	Long Island, NY	Los Angeles, CA	Louisville, KY	Memphis, TN
CBD Office	0.00	3.00	0.00	3.00	4.00	0.00	0.50	0.00	0.00	1.00	2.00	1.00	-2.00	3.00	0.00	1.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00
Suburban Office	0.00	3.00	0.00	3.00	2.00	0.00	-1.00	0.00	0.00	0.00	2.00	1.00	0.00	3.00	0.00	1.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	2.00	1.50	1.50
Regional Mall	0.00	1.00	1.00	3.00	3.00	0.00	0.00	0.00	1.00	0.00	3.00	1.50	0.00	1.50	2.00	1.50	0.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	3.00	0.00	2.00	0.00
Community Mall	0.00	1.00	1.00	3.00	2.00	0.00	0.00	0.00	0.00	0.00	3.00	1.00	0.00	1.50	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	2.00	0.00	1.00	0.25
Neighborhood Strip	0.00	1.00	1.00	3.00	2.00	0.00	0.00	0.00	0.00	2.00	3.00	0.00	0.00	3.00	0.00	1.25	0.00	2.00	0.00	0.00	0.00	0.00	2.00	0.00	2.00	0.00	1.50	0.25
Manufacturing	0.00	2.00	0.00	3.00	0.00		0.00	1.00	1.00	0.00	2.00	1.00	1.00	3.00	0.00	1.00		0.00	0.00	0.00	0.00		1.00	0.00	0.00	3.00	0.50	1.00
Bulk	0.00	2.00	0.00	3.00	0.00	0.00	0.00	1.00	1.00	2.00	2.00	1.00	1.00	3.00	0.00	1.00	0.00	2.00	0.00	0.00	0.00	1.00	2.00	0.00	0.00	3.00	1.00	2.00
Office/Warehouse	0.00	2.00	0.00	3.00	0.00	0.00	0.00	1.00	1.00	2.00	2.00	1.00	1.00	3.00	0.00	1.00	0.00	2.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	3.00	1.00	2.00
R&D	0.00	2.00	0.00	3.00	0.00	0.00	0.00	1.00	1.00	0.00	2.00	1.00	1.00	3.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00		2.00	0.00	0.00	3.00	1.00	2.00
Urban Multifamily	3.00	5.00	3.00	3.00	3.00	4.00	4.00	3.00	2.00	2.00	3.00	3.00	2.00	3.00	1.50	3.00	3.00	3.00	5.00	0.00	3.00	2.50	3.00	0.00	2.00	3.00	3.00	2.00
Suburban Multifamily	3.00	5.00	3.00	3.00	3.00	4.00	3.00	3.00	2.00	2.00	2.00	3.00	3.00	3.00	2.00	3.00	3.00	3.00	5.00	0.00	3.00	3.00	3.00	0.00	3.00	3.00	3.00	2.00
CBD Lodging	2.00	4.00	1.00	3.00	3.00	2.00	1.00	2.00	1.00	0.00	2.00	3.00	2.00	3.00	0.00	3.00	0.00	0.00	5.00	0.00	3.00	5.00		0.00	2.00	2.00	3.00	2.00
Suburban Lodging	2.00	4.00	1.00	3.00	3.00	2.00	0.00	2.00	1.00	0.00	2.00	3.00	2.00	3.00	0.00	3.00	0.00	0.00	5.00	0.00	3.00	5.00		0.00	2.00	2.00	3.00	2.00
Airport Lodging	2.00	4.00	1.00	3.00	3.00	2.00	0.00	2.00	1.00	0.00	2.00	3.00	2.00	3.00	0.00	3.00	0.00	0.00	5.00	0.00	3.00	5.00		0.00	2.00	2.00	3.00	-2.50

EXPENSE GROWTH RATE (%) — Property Type	Atlanta, GA	Austin, TX	Baltimore, MD	Boise, ID	Boston, MA	Charlotte, NC	Chicago, IL	Cincinnati, OH	Cleveland, OH	Columbia, SC	Columbus, OH	Dallas, TX	Dayton, OH	Denver, CO	Detroit, MI	Fort Worth, TX	Greensboro, NC	Greenville, SC	Hartford, CT	Houston, TX	Indianapolis, IN	Jacksonville, FL	Kansas City, MO/KS	Las Vegas, NV	Long Island, NY	Los Angeles, CA	Louisville, KY	Memphis, TN
CBD Office	2.00	2.75	2.50	2.00	3.00	2.75	3.00	2.50	2.25	2.50	2.50	2.50	2.50	3.00	2.50	2.50	2.75	2.50	3.00	3.00	2.00	2.50	3.00	2.00	3.00	3.00	2.50	2.00
Suburban Office	2.00	2.75	2.50	2.00	3.00	2.75	3.00	2.50	2.25	2.50	2.50	2.50	2.50	3.00	2.50	2.50	2.75	2.50	3.00	3.00	2.00	2.50	3.00	2.00	3.00	3.00	2.50	2.00
Regional Mall	2.00	2.75	2.50	2.00	3.00	2.75	3.00	2.50	2.25	2.50	3.00	2.25	2.50	3.00	2.50	2.25	2.75	2.50	3.00	3.00	2.50		3.00	2.00	3.00	3.00	2.50	2.50
Community Mall	2.00	2.75	2.50	2.00	3.00	2.75	3.00	2.50	2.25	2.50	3.00	2.75	2.50	3.00	2.50	2.75	2.75	2.50	3.00	3.00	2.50	2.50	3.00	2.00	3.00	3.00	3.00	2.50
Neighborhood Strip	2.00	2.75	2.50	2.00	3.00	2.75	3.00	2.50	2.25	2.50	3.00	3.00	2.50	3.00	2.50	3.00	2.75	2.50	3.00	3.00	2.50	2.50	3.00	2.00	3.00	3.00	3.00	2.50
Manufacturing	2.00	2.75	2.50	2.00	3.00		3.00	2.50	2.25	2.50	2.50	2.50	2.50	3.00	2.50	2.75		2.50	3.00	3.00	2.50		3.00	2.00	3.00	3.00	3.00	2.00
Bulk	2.00	2.75	2.50	2.00	3.00	2.75	2.50	2.50	2.25	2.50	2.50	2.50	2.50	3.00	2.50	2.50	2.75	2.50	3.00	3.00	2.50	2.00	3.00	2.00	3.00	3.00	3.00	2.00
Office/Warehouse	2.00	2.75	2.50	2.00	3.00	2.75	2.50	2.50	2.25	2.50	2.50	2.50	2.50	3.00	2.50	2.50	2.75	2.50	3.00	3.00	2.50	2.50	3.00	2.00	3.00	3.00	3.00	2.00
R&D	2.00	2.75	2.50	2.00	3.00	2.75	2.50	2.50	2.25	2.50	2.50	2.50	2.50	3.00	2.50	2.75	2.75	2.50	3.00	3.00	2.50		3.00	2.00	3.00	3.00	3.00	2.00
Urban Multifamily	2.00	2.75	2.50	2.00	3.00	2.75	3.50	2.50	2.25	2.50	3.00	2.50	2.50	3.00	2.50	2.50	2.75	2.50	3.00	3.00	3.00	2.50	3.00	2.00	3.00	3.00	3.00	2.50
Suburban Multifamily	2.00	2.75	2.50	2.00	3.00	2.75	3.00	2.50	2.25	2.50	3.00	2.50	2.50	3.00	2.50	2.50	2.75	2.50	3.00	3.00	3.00	2.50	3.00	2.00	3.00	3.00	3.00	2.50
CBD Lodging	2.00	2.75	2.50	2.00	3.00	2.75	3.00	2.50	2.25	2.50	2.50	2.00	2.50	3.00	2.50	2.00	2.75	2.50	3.00	3.00	2.50	3.00		2.00	3.00	3.00	3.00	2.50
Suburban Lodging	2.00	2.75	2.50	2.00	3.00	2.75	3.00	2.50	2.25	2.50	2.50	2.00	2.50	3.00	2.50	2.00	2.75	2.50	3.00	3.00	2.50	3.00		2.00	3.00	3.00	3.00	2.50
Airport Lodging	2.00	2.75	2.50	2.00	3.00	2.75	3.00	2.50	2.25	2.50	2.50	2.00	2.50	3.00	2.50	2.00	2.75	2.50	3.00	3.00	2.50	3.00		2.00	3.00	3.00	3.00	2.50

TENANT ALLOWANCE ($) — Property Type	Atlanta, GA	Austin, TX	Baltimore, MD	Boise, ID	Boston, MA	Charlotte, NC	Chicago, IL	Cincinnati, OH	Cleveland, OH	Columbia, SC	Columbus, OH	Dallas, TX	Dayton, OH	Denver, CO	Detroit, MI	Fort Worth, TX	Greensboro, NC	Greenville, SC	Hartford, CT	Houston, TX	Indianapolis, IN	Jacksonville, FL	Kansas City, MO/KS	Las Vegas, NV	Long Island, NY	Los Angeles, CA	Louisville, KY	Memphis, TN
CBD Office	25.00	30.00	40.00	40.00	50.00	18.00	40.00	30.00	30.00	30.00	20.00	20.00	15.00	25.00	18.00	24.00	11.00	30.00	40.00	25.00	25.00	40.00	40.00	35.00	30.00	40.00	30.00	10.00
Suburban Office	20.00	30.00	30.00	40.00	30.00	18.00	25.00	30.00	25.00	20.00	15.00	20.00	15.00	20.00	15.00	20.00	11.00	20.00	35.00	18.00	25.00	30.00	25.00	25.00	25.00	25.00	25.00	20.00
Regional Mall	25.00	20.00	15.00	25.00	20.00		10.00	25.00	40.00	20.00	30.00	25.00	20.00	5.00	9.00	25.00		20.00	10.00	25.00	20.00				20.00	10.00	40.00	20.00
Community Mall	10.00	10.00	5.00	25.00	5.00	8.00	5.00	20.00	10.00	10.00	5.00	15.00	15.00	10.00	9.00	15.00	8.00	10.00	10.00	20.00	20.00	5.00	5.00		10.00	5.00	20.00	20.00
Neighborhood Strip	5.00	9.00	3.00	25.00	2.00	5.00	5.00	15.00	5.00	10.00	5.00	15.00	15.00	10.00	7.00	15.00	5.00	10.00	10.00	10.00	15.00	5.00	5.00	10.00	3.00	5.00	15.00	10.00
Manufacturing	1.00	5.00	0.00	5.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	3.00	0.00	0.00			0.00	0.00	0.00			5.00		1.00	10.00	1.00
Bulk	1.00	3.00	1.00	5.00	0.00	1.00	0.00	0.00	0.00		0.00	3.00	0.00	3.00	0.00	3.00	1.00		0.00	4.00	1.50	0.00		5.00		1.00	0.00	1.00
Office/Warehouse	1.00	5.00	3.00	5.00	0.00	1.00	0.00	0.00	15.00	3.00	0.00	3.00	0.00	3.00	3.00	3.00	1.00	3.00	0.00	4.00	3.00	10.00	5.00	5.00		5.00	15.00	1.00
R&D	5.00	5.00	12.00	0.00	10.00		2.50	0.00	0.00		0.00	3.00	0.00	8.00	5.00	5.00			0.00	4.00	5.00		15.00	5.00		5.00	15.00	1.00

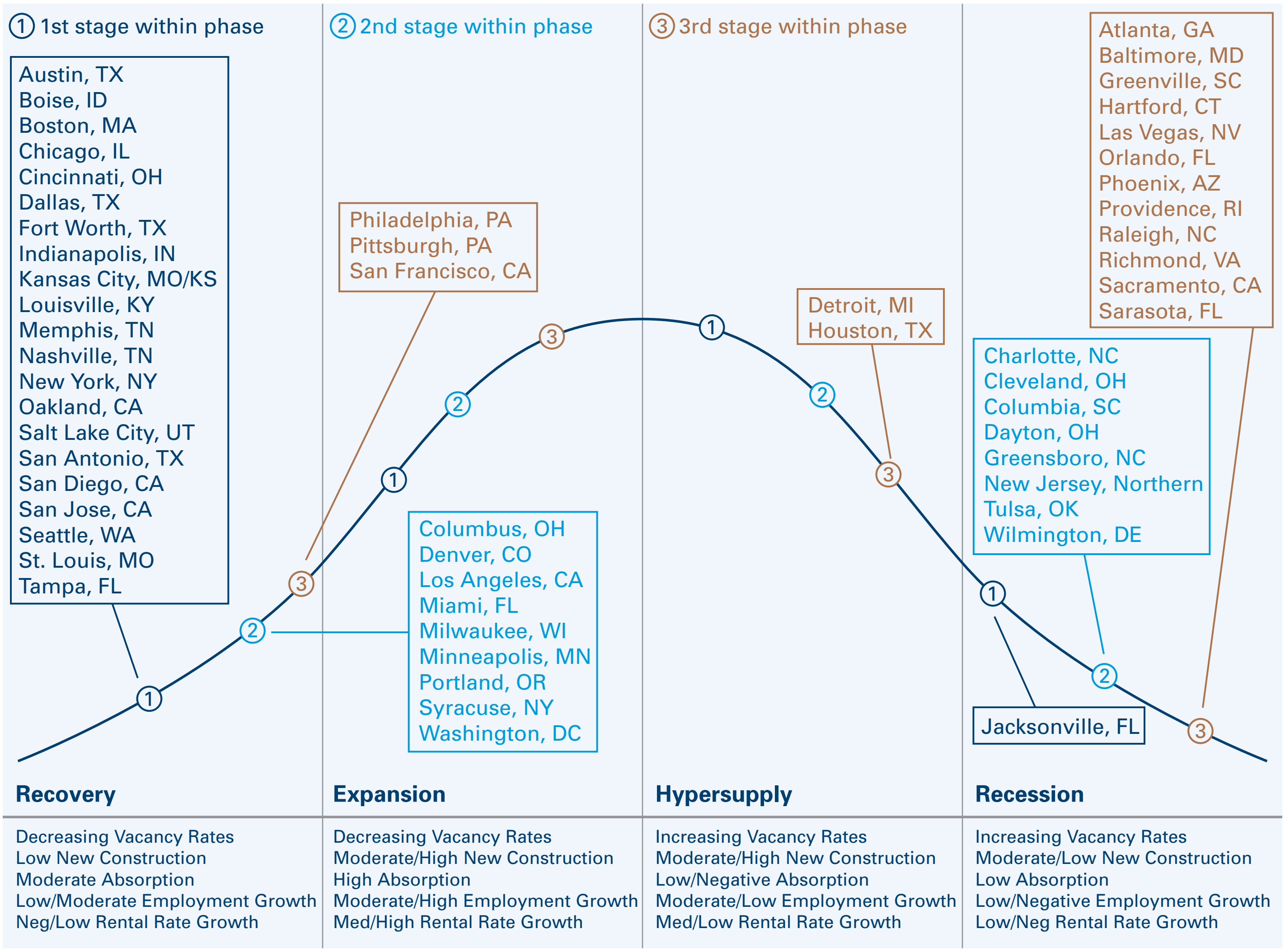
2012 Capitalization Rates, Discount Rates, Reversion Rates, Market Rent Change Rates, Expense Growth Rates and Tenant Finish Allowances (Table 13 continued)

Miami, FL	Milwaukee, WI	Minneapolis, MN	Naples, FL	Nashville, TN	New Jersey, Coastal	New Jersey, Northern	New York, NY	Oakland, CA	Orange County, CA	Orlando, FL	Philadelphia, PA	Phoenix, AZ	Pittsburgh, PA	Portland, OR	Providence, RI	Raleigh, NC	Richmond, VA	Sacramento, CA	Salt Lake City, UT	San Antonio, TX	San Diego, CA	San Francisco, CA	San Jose, CA	Sarasota, FL	Seattle, WA	St. Louis, MO	Syracuse, NY	Tampa, FL	Tulsa, OK	Washington, DC	Wilmington, DE	Averages
7.00	8.50	7.25	8.50	8.50	8.00	8.00	5.25	7.00		7.75	7.00	9.50	8.25	7.75	10.50	7.75	7.75	7.25	7.75	9.75	8.00	6.00	7.50	8.50	6.00	8.25	9.00	8.00	9.00	5.25	8.25	7.98
7.50	8.75	8.25	8.50	8.75	8.25	7.25	7.00	7.50	8.50	8.00	7.50	10.00	8.00	8.50	9.00	8.00	7.75	8.00	8.00	9.25	8.50	7.00	7.00	8.50	6.50	7.50	8.50	8.50	9.00	7.00	7.75	8.13
7.50	7.00	7.00	8.00	9.25	7.25	6.25	6.00	7.00	7.75		7.00	7.00	7.50		8.00	7.50		7.50	7.50	9.00		7.00	7.00	8.00	6.50	6.50	9.00			6.00	7.25	7.57
7.50	8.00	7.50	8.00	9.00	7.50	7.75	7.00	7.00	8.00	8.00	7.25	7.50	7.75	7.50	8.75	7.75	7.75	7.00	7.75	8.50	6.50	7.00	7.00	8.00	7.50	7.75	9.00		8.00	5.75	7.75	7.83
7.50	8.25	8.25	8.75	8.75	6.75	8.00	7.25	7.00	8.00	7.50	7.00	8.50	8.00	7.75	9.00	7.25	7.75	7.75	8.00	8.50	7.00	7.00	7.00	8.75	7.50	8.25	9.00	8.00	9.00	5.75	7.75	7.96
7.50	8.50	9.00	9.50	8.50	8.25	8.75	8.00	7.50	8.00		7.25	8.50	8.75	8.50	9.50		8.50	8.50	7.75	9.00	8.00	7.25	7.00	9.50	8.50	7.75		9.00	9.50	8.00	9.00	8.51
8.00	8.00	8.75	9.50	9.25	8.25	8.00	7.50	7.00	8.25	8.50	6.75	7.50	8.75		9.75	8.00	8.00	7.25	7.75	9.00	8.00	6.75	7.00	9.50	8.25	7.75		8.50	9.00	7.75	8.00	8.13
9.00	7.50	8.50	9.50	9.00	8.50	8.00	7.50	7.00	8.25	8.50	7.00	9.00	8.25	8.00	9.50	8.50	8.00	8.00	7.75	9.00	8.00	6.75	7.00	9.50	7.00	7.75		9.00	9.00	7.75	8.00	8.22
9.00	7.75	8.50	9.25	8.25	8.00	8.50	8.00	7.50	8.25	8.50	9.00	9.25	8.25	8.50	9.50	8.25	8.00	8.50	7.75	9.00	8.50	7.25	7.00	9.25	8.75	8.75		8.50		8.25	9.00	8.46
6.00	7.25	5.75	8.50	7.50	6.50	7.50	4.75	4.50	6.50		5.50	5.50	6.75	5.25	8.50	5.00	6.25	6.00	6.50	6.50	6.50	4.00	4.50	8.50	4.50	7.00	8.00	5.00	8.00	4.50	7.25	6.32
6.00	7.25	6.25	8.50	7.00	7.00	5.50	5.25	4.75	6.50	6.50	5.75	5.50	6.75	6.25	7.25	5.25	6.25	6.00	6.50	6.50	6.50	4.50	4.25	8.50	5.50	6.25	7.50	5.50	7.00	5.25	6.50	6.36
9.00	9.75	10.50	9.00	11.00	9.25	9.00	8.50	9.00	10.50		8.00	9.00	8.25	8.25	10.50	10.75	9.00	8.50	8.75	10.25	7.00	8.00	8.50	9.00	9.00	8.75		8.00	11.00	7.00	10.00	9.18
9.00	10.00	11.50	9.00	11.00	9.00	9.00	8.75	9.25	10.25	10.00	8.50	9.00	8.25	9.25	10.00	11.00	10.00	9.50	8.75	11.25	9.00	8.50	8.75	9.00	9.50	9.75		8.50	11.00	8.00	9.50	9.52
10.00	10.00	11.00	9.00	10.50	9.75	9.00	8.75	9.50	9.25	10.00	8.50	9.50	8.50	9.00	8.00	11.00	10.00	9.50	8.75	10.25	9.00	8.75	9.00	9.00	9.50	9.25		8.50	11.00	7.50	9.50	9.50
9.00	9.50	8.50	9.50	9.00	9.50	9.00	7.00	9.00		8.25	8.25	11.50	8.25	8.75	12.00	9.00	9.50	8.50	9.00	11.75	9.50	7.75	9.50	9.50	7.75	9.25	10.50	9.00	10.00	6.50	9.75	9.21
9.00	10.00	9.00	9.50	9.25	9.75	8.50	7.75	9.50	11.00	9.50	8.75	12.00	8.25	9.50	11.00	9.25	9.50	9.00	10.25	11.25	10.00	8.75	9.00	9.50	7.75	8.50	10.00	9.50	10.00	8.25	9.25	9.36
9.00	8.00	8.00	9.00	9.75	8.75	7.75	7.00	8.75	10.00		9.50	9.00	9.25		10.50	9.50		9.00	8.50	10.25		8.75	8.75	9.00	7.50	7.50	10.00			8.00	8.25	9.03
9.00	9.00	8.50	9.00	9.50	9.00	8.00	7.50	8.75	10.25	9.50	8.50	9.50	9.25	8.50	10.30	9.25	9.50	8.50	8.75	9.75	8.00	8.75	8.75	9.00	7.50	8.75	10.00		10.00	7.00	8.75	9.06
9.00	9.00	9.50	9.75	9.25	8.25	8.25	7.75	8.75	10.25	9.00	8.75	10.50	8.75	8.50	10.30	8.50	9.50	9.00	9.00	9.75	8.00	8.75	8.75	9.75	8.50	9.25	10.50	9.00	11.00	7.00	8.75	9.16
9.00	9.00	10.00	10.50	9.00	9.75	9.00	8.50	9.25	10.00		8.75	10.50	10.25	9.50	12.00		10.00	9.75	8.00	10.25	9.00	9.00	8.75	10.50	9.00	8.75	10.00	10.00	11.50	9.50	10.00	9.65
9.00	9.00	9.50	10.50	10.00	9.75	8.25	8.25	8.75	10.00	10.00	8.25	9.50	10.25		12.00	9.50	9.50	8.50	8.00	10.25	9.00	8.50	8.75	10.50	9.00	8.75	10.00	9.50	11.00	9.25	9.00	9.33
10.00	8.50	9.50	10.50	9.75	10.00	8.25	8.25	8.75	10.25	10.00	9.00	11.00	8.75	9.00	11.50	10.00	9.50	9.25	8.00	10.25	9.00	8.50	8.75	10.50	8.00	8.75	9.00	10.00	11.00	9.25	9.00	9.39
10.00	8.50	9.50	10.25	8.75	9.50	9.00	8.75	9.25	10.50	10.00	10.00	11.25	8.75	9.50	11.50	9.75	9.50	9.75	8.00	10.25	9.50	9.00	8.75	10.25	9.75	9.75		9.50		9.75	10.00	9.62
8.00	7.75	8.00	9.50	10.25	8.00	8.00	7.00	7.50	8.75		7.50	7.00	9.25	7.00	10.50	6.75	8.00	8.00	8.00	9.00	9.50	7.00	4.50	9.50	8.00	8.00		4.75	12.00	6.50	8.50	8.02
8.00	8.00	8.25	9.50	10.00	8.50	7.50	7.50	7.75	8.75	8.00	7.75	7.00	9.25	8.00	8.50	7.00	8.00	8.00	8.00	9.00	9.50	7.50	4.25	9.50	8.25	7.25		7.25	11.00	7.25	8.00	8.15
11.00	10.50	11.00	10.00	12.00	10.75	9.50	8.50	10.75	11.50		9.75	11.00	10.75	11.50	11.00	12.25	11.00	10.50	9.00	11.75	9.00	9.75	10.50	10.00	11.00	9.75		11.00	13.00	9.50	11.50	10.73
11.00	11.00	12.00	10.00	12.00	10.50	9.50	9.00	11.00	12.00	11.50	10.25	11.00	10.75	12.00	11.00	12.50	12.00	11.00	9.00	13.75	11.00	10.25	10.75	10.00	11.50	10.75		11.50	13.00	10.50	11.00	11.09
12.00	11.00	11.50	10.00	11.50	11.25	9.50	9.00	11.25	11.50	11.50	10.25	11.50	11.00	11.75	10.50	12.50	12.00	11.00	9.00	12.25	11.00	10.50	11.00	10.00	11.50	10.25		11.50	13.00	10.00	11.00	11.09
7.50	9.00	7.75	9.00	8.75	8.35	8.50	6.00	7.50		8.25	7.75	10.00	8.75	8.00	11.00	8.00	8.25	7.50	8.25	10.75	8.30	6.75	8.00	9.00	7.00	8.75	9.25	8.50	9.50	5.50	8.75	8.45
8.00	9.25	8.75	9.00	9.00	8.60	8.00	8.00	8.00	9.50	8.50	8.00	10.50	8.50	8.75	10.00	8.25	8.25	8.25	8.50	10.25	8.80	7.75	7.50	9.00	7.50	8.00	8.75	9.00	9.50	7.50	8.25	8.63
8.00	7.50	7.50	8.50	9.75	7.60	6.75	6.25	7.75	10.25		7.25	7.50	8.00		10.00	7.75		7.75	8.00	9.75		7.75	7.75	8.50	7.50	7.00		0.00		6.75	7.75	7.96
8.00	8.50	8.00	8.50	9.50	7.85	8.00	7.25	7.75	9.00	8.50	7.50	8.00	8.25	7.75	10.00	8.00	8.25	7.25	8.25	9.25	7.00	7.75	7.75	8.50	8.50	8.25		0.00	8.50	6.25	8.00	8.12
8.00	8.75	8.75	9.25	9.25	7.10	8.50	7.50	7.75	9.00	8.00	7.75	9.00	8.50	8.00	10.00	7.50	8.25	8.00	8.50	9.25	7.50	7.75	7.75	9.25	8.50	8.75		8.50	9.50	6.25	8.00	8.44
8.00	9.00	9.50	10.00	9.00	8.60	9.00	8.50	8.25	9.00		7.75	9.00	9.25	8.75	11.50		9.00	8.75	8.25	10.00	8.75	7.75	7.50	10.00	8.75	8.25		9.50	10.00	8.25	9.50	9.00
8.00	8.50	9.25	10.00	10.00	8.60	8.25	7.75	7.75	9.00	9.00	7.50	8.00	9.25		11.50	8.50	8.50	7.50	8.25	10.00	8.75	7.25	7.50	10.00	8.75	8.25		9.00	9.50	8.00	8.25	8.62
9.00	8.00	9.00	10.00	9.75	8.85	8.25	7.75	7.75	9.00	9.00	9.00	9.50	8.75	8.25	11.50	9.00	8.50	8.25	8.25	10.00	8.50	7.25	7.50	10.00	7.50	8.25		9.50	9.50	8.00	8.50	8.72
9.00	8.25	9.00	9.75	8.75	8.35	9.00	8.50	8.25	9.50	9.00	9.50	9.75	8.75	8.75	11.00	8.75	8.50	8.75	8.25	10.00	8.75	7.75	7.50	9.75	9.25	9.25		9.00		8.50	9.25	8.94
7.00	7.75	6.25	9.00	9.50	6.85	8.00	5.25	7.50	7.75		6.00	6.00	7.25	5.75	10.00	5.25	6.75	6.75	7.50	7.00	7.00	4.75	5.25	9.00	5.50	7.50	9.00	5.75	8.50	5.00	7.50	6.95
7.00	7.75	6.75	9.00	9.00	7.35	6.50	5.75	7.75	8.00	7.00	6.50	6.00	7.25	6.75	9.50	5.50	6.75	6.75	7.50	7.00	7.00	5.25	5.00	9.00	6.50	6.75	8.50	6.25	7.50	5.75	6.75	7.01
9.50	10.25	11.00	9.50		9.60	9.25	8.75	9.75	10.25		8.50	9.50	8.75	8.75	12.00	11.25	9.50	8.75	9.50	11.25	8.00	8.75	9.00	9.50	9.50	9.25		9.00	11.50	7.75	10.00	9.64
9.50	10.50	12.00	9.50		9.35	9.25	9.00	10.00	11.25	10.50	9.00	9.50	8.75	9.75	12.00	11.50	10.50	9.75	9.50	12.25	10.00	9.25	9.25	9.50	10.00	10.25		9.50	11.50	8.75	9.75	10.04
10.50	10.50	11.50	9.50		10.10	9.25	9.00	10.25	10.25	10.50	9.00	10.00	9.00	9.25	12.00	11.50	10.50	9.75	9.50	11.25	10.00	9.50	9.50	9.50	10.00	9.75		9.50	11.50	8.25	9.75	10.05
2.00	2.00	1.00	3.00	1.00	2.00	0.00	5.00	5.00		0.00	2.25	0.00	3.00	0.00	0.00	0.00	2.00	-5.00	0.00	2.00	0.00	7.00	3.00	3.00	8.00	0.00	2.00	0.00	1.00	2.00	0.00	1.20
2.00	1.00	1.00	3.00	1.00	2.50	0.00	0.00	3.00	-5.00	1.00	3.00	0.00	1.00	0.00	0.00	0.00	2.00	-5.00	0.00	2.00	0.00	3.00	5.00	3.00	8.00	1.00	2.50	0.00	1.00	1.00	0.00	0.97
1.00	2.00	2.00	3.00	-2.00	3.00	2.00	3.00	3.00	-5.00		1.50	3.00	0.00		0.00	0.00		0.00	0.00	0.00	2.00	3.00	3.00	3.00	0.00	1.00	2.50	0.00		1.50	1.00	1.05
1.00	1.00	2.00	3.00	-1.00	3.50	2.00	2.00	3.00	-5.00	0.00	2.00	3.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	2.00	3.00	3.00	3.00	0.00	1.00	2.50	0.00	2.00	2.50	0.00	0.95
1.00	0.00	1.00	3.00	-1.00	3.50	2.00	2.00	3.00	-15.00	0.00	2.50	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	2.00	3.00	3.00	3.00	0.00	1.00	2.50	0.00	2.00	2.50	0.00	0.78
1.00	2.50	0.00	0.00	1.00	2.50	0.00	0.00	3.00	-15.00		2.00	3.00	1.00	0.00	0.00	0.00	2.00	0.00	3.00	2.50	2.00	3.00	3.00	0.00	0.00	2.00	0.00	1.00	2.00	1.00	0.00	0.77
1.00	2.50	1.00	0.00	1.00	2.50	1.00	0.00	3.00	-14.00	0.00	2.50	3.00	1.00		0.00	0.00	2.00	3.00	3.00	2.50	2.00	5.00	5.00	0.00	0.00	2.00	2.00	0.00	2.00	1.00	0.00	1.05
1.00	2.50	1.00	0.00	2.00	2.50	1.00	0.00	3.00	-17.00	0.00	2.50	0.00	1.00	0.00	0.00	0.00	2.00	0.00	3.00	2.50	2.00	5.00	5.00	0.00	3.00	2.00	2.00	1.00	2.00	1.00	0.00	0.95
1.00	2.50	1.00	0.00	2.00	2.50	0.00	0.00	3.00	-18.00	0.00	2.00	0.00	1.00	0.00	0.00	0.00	2.00	0.00	3.00	2.50	2.00	3.00	3.00	0.00	0.00	2.00		0.00		1.00	0.00	0.68
2.00	3.00	4.00	3.00	1.00	3.00	2.00	3.00	5.00	-5.00		2.75	5.00	3.00	3.00	5.00	4.00	3.00	5.00	3.00	3.00	3.00	8.00	5.00	3.00	5.00	3.00	3.00	2.00	2.00	4.00	0.00	2.93
2.00	3.00	3.00	3.00	1.00	3.25	3.00	3.00	5.00	-5.00	2.00	2.75	5.00	3.00	2.00	5.00	4.00	3.00	5.00	1.00	3.00	3.00	5.00	8.00	3.00	5.00	3.00	3.00	3.00	5.00	4.00	3.00	3.00
3.00	0.00	2.00	3.00	11.75	2.00	3.00	2.00	3.00	-10.00		2.50	3.00	2.50	4.50	5.00	2.00	1.00	3.00	1.00	0.00	3.00	3.00	3.00	3.00	5.00	2.00		10.00	2.00	3.00	0.00	2.32
3.00	0.00	1.00	3.00	11.75	2.00	3.00	2.00	3.00	-12.00	2.00	2.50	3.00	2.50	3.50	5.00	2.00	1.00	3.00	1.00	0.00	3.00	3.00	3.00	3.00	5.00	2.00		10.00	2.00	3.00	0.00	2.23
3.00	0.00	1.00	3.00	11.50	2.00	3.00	2.00	3.00	-7.00	2.00	2.50	3.00	2.50	4.00	5.00	2.00	1.00	3.00	1.00	0.00	3.00	3.00	3.00	3.00	5.00	2.00		10.00	2.00	3.00	0.00	2.24
3.00	2.00	3.00	3.00	2.00	2.50	2.00	3.00	3.00		3.00	2.50	3.00	2.50	2.50	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50	2.00	2.00	2.50	3.00	2.62
3.00	2.00	3.00	3.00	2.00	2.50	2.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50	2.50	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50	2.00	2.00	2.50	3.00	2.63
3.00	2.00	3.00	3.00	2.00	2.50	2.00	3.00	3.00	3.00		2.50	3.00	2.50		2.00	3.00		3.00	2.00	3.00		3.00	3.00	3.00	2.50	3.00	2.50	0.00		2.50	3.00	2.60
3.00	2.00	3.00	3.00	2.00	2.50	2.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50	2.50	2.00	3.00	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50	0.00	2.50	2.50	3.00	2.63
3.00	2.00	3.00	3.00	2.00	2.50	2.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50	2.50	2.00	3.00	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50	2.00	2.50	2.50	3.00	2.67
3.00	2.00	3.00	3.00	1.00	2.50	2.00	2.00	3.00	3.00		2.50	3.00	2.50	2.50	2.00	3.00	2.00	3.00	3.00	3.00	2.00	3.00	3.00	3.00	2.50	3.00		2.00	2.00	2.50	3.00	2.59
3.00	2.00	3.00	3.00	1.00	2.50	2.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50		2.00	3.00	2.00	3.00	3.00	3.00	2.00	3.00	3.00	3.00	2.50	3.00		2.00	2.00	2.50	3.00	2.59
3.00	2.00	3.00	3.00	2.00	2.50	2.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50	2.50	2.00	3.00	2.00	3.00	3.00	3.00	2.00	3.00	3.00	3.00	2.50	3.00		2.00	2.00	2.50	3.00	2.62
3.00	2.00	3.00	3.00	2.00	2.50	2.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50	2.50	2.00	3.00	2.00	3.00	3.00	3.00	2.00	3.00	3.00	3.00	2.50	3.00		2.00		2.50	3.00	2.64
3.00	2.00	3.00	3.00	2.25	2.50	2.00	3.00	3.00	3.00		2.75	3.00	2.50	2.50	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	3.00	3.00	2.00	3.00	2.75	3.00	2.71
3.00	2.00	3.00	3.00	2.00	2.50	2.00	3.00	3.00	3.00	3.00	2.75	3.00	2.50	2.50	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	3.00	3.00	3.00	3.00	2.75	3.00	2.72
3.00	2.00	3.00	3.00	3.00	2.50	2.00	3.00	3.00	3.00		2.50	3.00	2.50	2.75	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	3.00		3.00	2.00	2.50	3.00	2.67
3.00	2.00	3.00	3.00	3.00	2.50	2.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50	3.00	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	3.00		3.00	2.00	2.50	3.00	2.68
3.00	2.00	3.00	3.00	2.00	2.50	2.00	3.00	3.00	3.00	3.00	2.50	3.00	2.50	2.75	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	3.00		3.00	2.00	2.50	3.00	2.66
15.00	35.00	35.00	10.00	25.00	25.00	30.00	55.00	20.00		25.00	35.00	25.00	30.00	25.00	30.00	17.00	15.00	50.00	40.00	20.00	45.00	30.00	20.00	10.00	30.00	30.00	30.00	20.00	10.00	50.00	40.00	28.61
15.00	30.00	25.00	10.00	15.00	15.00	25.00	30.00	15.00	25.00	20.00	25.00	20.00	30.00	40.00	21.00	17.00	15.00	40.00	35.00	15.00	30.00	20.00	15.00	10.00	25.00	25.00	25.00	20.00	10.00	30.00	25.00	22.92
10.00	25.00	30.00	15.00	10.00	0.00	20.00	25.00	20.00	10.00		50.00	20.00	45.00		10.00	15.00		30.00	50.00	20.00	0.00	20.00	20.00	15.00	6.00	25.00	10.00	0.00			25.00	20.10
10.00	25.00	15.00	15.00	7.00	0.00	5.00	8.00	8.00	10.00	5.00	15.00	5.00	10.00	15.00	6.00	10.00	5.00	12.00	35.00	10.00	5.00	8.00	8.00	15.00	6.00	10.00	10.00	0.00	20.00	5.00	4.00	10.71
10.00	15.00	15.00	5.00	5.00	0.00	3.00	4.00	4.00	10.00	5.00	15.00	2.50	10.00	15.00	5.00	5.00	5.00	12.00	25.00	10.00	5.00	4.00	4.00	5.00	6.00	10.00	5.00	10.00	10.00	5.00	4.00	8.38
0.00	0.00	2.50	0.00	1.50	0.00			5.00	10.00		3.00	2.50	0.00	1.00	0.00		0.00	8.00	5.00	2.00	0.00	10.00	5.00	0.00	1.50	5.00		2.00	0.00	5.00	1.00	2.10
0.00	0.00	0.50	0.00	1.00	0.00			0.50	10.00	1.00	2.00	1.50	0.00		0.00	2.00	0.00	3.00	5.00	0.00	0.00	0.50	0.05	0.00	0.00	5.00		0.00	0.00	5.00	1.00	1.38
0.00	0.00	2.00	0.00	1.25	0.00			1.00	15.00	10.00	3.00	5.00	25.00	1.00	0.00	2.00	2.50	5.00	5.00	4.00	0.00	1.00	1.00	0.00	1.50	5.00		2.00	0.00	5.00	1.00	3.49
0.00	0.00	4.00	0.00	2.00	0.00			5.00	15.00	10.00	12.50	10.00	0.00	2.50	0.00	15.00	2.50	10.00	10.00	10.00	0.00	15.00	5.00	0.00	1.50	20.00		5.00		10.00	10.00	5.61

CBD Office By The Numbers

- CBD Office capitalization rates ranged from 5.25% to 12.75%, with an average of 7.98%. Average CBD Office cap rates compressed 40 basis points in 2011.
- CBD Office discount rates ranged from 6.5% to 13% and averaged 9.21%, which is also down from 2010.
- Despite cap rate compression, the CBD Office sector slipped from #5 to #6 in terms of lowest average cap rates, and #4 to #6 in terms of lowest discount rates.
- A majority of survey respondents predict stable cap rates (61.7%) and discount rates (65%) in 2012-13.

CBD Office Market Cycle (Fig. 14)



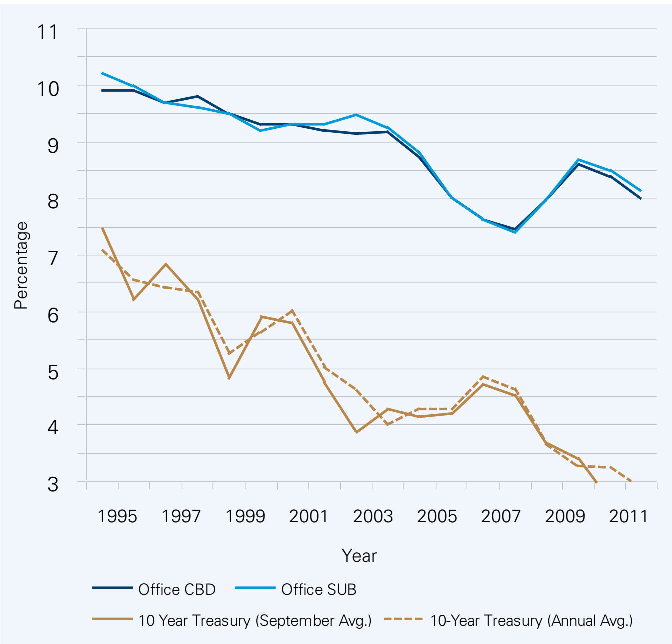
2012 Office Market Conditions and Forecasts: Central Business District (Table 15)

MARKET AREA	INVENTORY (SF)	VACANCY RATE (%)	VACANCY (SF)	AVG ANNUAL NET ABSORP. 2008-2011	TOTAL UNDER CONST. 2012-2015	FORECAST AVG ANNUAL NET ABSORP. 2012-2014	TOTAL % VALUE CHANGE 2008-2011	FORECAST % TOTAL VALUE CHANGE 2012-2013	EST. YEARS TO BALANCE
Atlanta, GA	16,213,000	23.00%	3,728,990	-480,000	133,000	321,333	-45.00%	5.00%	12
Austin, TX	8,691,222	14.00%	1,216,771	71,140	350,000	200,000	7.00%	8.00%	2
Baltimore, MD	21,623,337	15.50%	3,351,617	-38,482	0	272,000	0.00%	3.00%	5
Boise, ID	5,608,167	8.41%	471,647	3,700	8,000	40,000	-20.00%	3.00%	2
Boston, MA	61,000,000	15.00%	9,150,000	-100,000	2,695,000	425,667	-12.00%	6.00%	5
Charlotte, NC	17,023,832	7.60%	1,293,811	0	452,000	179,333	-10.00%	-5.00%	3
Chicago, IL	130,583,749	18.50%	24,157,994	-422,821	3,015,000	1,000,000	-20.00%	6.00%	5
Cincinnati, OH	11,400,000	18.00%	2,052,000	125,000	50,000	75,000	-20.00%	1.00%	4
Cleveland, OH	28,300,000	22.60%	6,395,800	-135,000	475,000	-116,667	-20.00%	0.00%	6
Columbia, SC	5,037,000	16.00%	805,920	-120,000	300,000	80,000	-10.00%	4.00%	4
Columbus, OH	10,100,000	15.00%	1,515,000	90,000	210,000	40,000	-10.00%	6.00%	10
Dallas, TX	36,627,937	25.70%	9,413,380	-100,624	636,000	200,667	-35.00%	6.00%	8
Dayton, OH	9,550,000	29.00%	2,769,500	-150,000	0	66,667	-35.00%	-5.00%	10
Denver, CO	34,359,233	14.00%	4,810,293	135,000	16,000	66,667	-30.00%	8.00%	3
Detroit, MI	11,250,000	24.50%	2,756,250	-108,800	0	61,000	-40.00%	0.00%	4
Fort Worth, TX	11,561,630	10.90%	1,260,218	28,048	195,000	23,667	-35.00%	6.00%	3
Greensboro, NC	4,120,000	11.93%	491,569	25,000	36,000	-10,667	-30.00%	-5.00%	3
Greenville, SC	3,550,000	12.50%	443,750	100,000	350,000	91,667	-7.00%	9.00%	6
Hartford, CT	7,908,010	27.20%	2,150,979	-1,338,000	0	8,333	-30.00%	0.00%	8
Houston, TX	48,700,000	13.00%	6,331,000	-50,000	1,000,000	141,667	3.00%	4.00%	3
Indianapolis, IN	10,355,000	17.40%	1,801,770	-58,000	20,000	37,000	-1.00%	1.00%	4
Jacksonville, FL	8,874,000	19.80%	1,757,052	-124,750	105,000	-167,000	-30.00%	0.00%	7
Kansas City, MO/KS	14,000,000	19.00%	2,660,000	20,000	0	133,333	-10.00%	2.50%	4
Las Vegas, NV	3,681,367	24.30%	894,572	6,750	310,000	17,500	-10.00%	-10.00%	5
Los Angeles, CA	69,050,289	11.03%	7,617,927	-290,028	1,149,000	372,359	-20.00%	10.00%	3
Louisville, KY	10,570,214	14.00%	1,479,830	-12,525	600,000	133,333	0.00%	0.00%	3
Memphis, TN	12,559,777	12.30%	1,544,853	18,214	100,000	20,000	0.00%	0.00%	15
Miami, FL	28,700,000	20.00%	5,740,000	400,000	0	300,000	-15.00%	5.00%	3
Milwaukee, WI	12,984,000	19.60%	2,544,864	-303,000	1,678,000	100,000	-20.00%	5.00%	5
Minneapolis, MN	27,170,000	17.10%	4,646,070	-150,000	887,000	418,000	-13.00%	3.00%	2
Nashville, TN	7,700,000	20.00%	1,540,000	51,000	500,000	150,000	-10.00%	4.00%	3
New Jersey, Northern	16,000,000	18.00%	2,880,000	-50,000	600,000	0	-14.00%	-2.00%	10
New York, NY	356,000,000	10.20%	36,312,000	1,300,000	11,100,000	3,000,000	-2.00%	8.00%	5
Oakland, CA	17,920,071	10.05%	1,800,967	-308,664	106,000	39,333	-15.00%	15.00%	3
Orlando, FL	7,010,000	19.00%	1,331,900	-30,000	160,000	126,667	-6.00%	5.00%	4
Philadelphia, PA	63,928,169	9.20%	5,881,392	46,622	250,000	-22,484	-8.00%	7.00%	3
Phoenix, AZ	8,850,000	14.50%	1,283,250	600,000	0	300,000	-40.00%	5.00%	3
Pittsburgh, PA	29,632,500	10.20%	3,022,515	303,577	800,000	91,667	-9.00%	4.00%	0
Portland, OR	19,779,070	9.30%	1,839,454	257,933	463,258	166,667	-20.00%	3.00%	2
Providence, RI	3,175,000	12.00%	381,000	50,000	0	28,333	-25.00%	-20.00%	8
Raleigh, NC	3,567,000	11.20%	399,504	1,000	0	7,667	-20.00%	0.00%	4
Richmond, VA	18,100,000	17.50%	3,167,500	-25,000	200,000	166,667	-9.00%	6.00%	4
Sacramento, CA	10,945,000	15.00%	1,641,750	72,000	300,000	96,333	-25.00%	3.00%	5
Salt Lake City, UT	7,200,000	15.00%	1,080,000	60,000	210,000	10,000	-20.00%	3.00%	3
San Antonio, TX	4,963,000	24.50%	1,215,935	-74,000	67,000	98,667	3.00%	6.00%	10
San Diego, CA	12,645,000	19.00%	2,402,550	-8,912	0	95,000	-24.00%	2.00%	5
San Francisco, CA	55,528,736	12.40%	6,885,563	-330,380	563,000	294,000	0.00%	15.00%	1
San Jose, CA	14,810,237	17.26%	2,556,555	-89,368	400,000	137,667	-15.00%	10.00%	3
Seattle, WA	58,345,535	13.05%	7,615,348	63,273	1,375,000	183,333	-40.00%	20.00%	3
St. Louis, MO	11,630,000	22.00%	2,558,600	-265,000	0	110,000	-5.00%	3.00%	10
Syracuse, NY	6,984,779	29.00%	2,025,586	-114,000	0	42,667	0.00%	0.00%	5
Tampa, FL	7,118,000	18.13%	1,290,731	-19,000	136,000	31,333	-30.00%	0.00%	2
Tulsa, OK	8,604,419	23.10%	1,987,621	-33,896	320,000	-83,333	0.00%	0.00%	10
Washington, DC	148,644,255	10.00%	14,864,426	542,662	3,250,000	795,000	10.00%	10.00%	3
Wilmington, DE	12,500,000	16.00%	2,000,000	12,500	0	50,000	-12.00%	-2.00%	10
Totals/Simple Averages:	1,592,732,535	16.59%	223,217,571	-946,831	35,570,258	10,446,042	-15.53%	3.30%	5.02
Weighted Averages:		14.01%					-10.81%	6.73%	4.40

CBD Office currently exhibits a weighted average vacancy rate of 14.01%, which is a slight improvement over 2010's figure of 14.56%. Occupancy rates in CBD areas increased in the majority of major metropolitan areas in 2011, however, few areas reported significant improvements in occupancy rates through the year.

Capitalization rates reported herein represent only the Class A market and reflected significant decreases in 2011. While CBD Office capitalization rates decreased in 2011, treasury yields decreased even more, increasing the risk premium for CBD office product to its highest point in 15 years, which drove further investment into the sector. This was especially true in primary markets such as New York, Washington DC, and San Francisco where investors looking for yield bid up the price of some marquis CBD Office assets in the last year.

Cap Rate Trends – Office (Fig. 16)



Most Active Retail Markets in 2011 – Relative Basis (Fig. 17)

	Location	#	Volume ($ MM)	%[1]
1	Pittsburgh	5	$561	216%
2	Washington DC	29	$2,906	-13%
3	Kansas City	15	$221	-16%
4	Manhattan	81	$10,571	-16%
5	Columbus	10	$151	-17%
U.S. Office Totals		***1,123***	***$45,045***	***-40%***
2001-10 Averages		**2,044**	**$74,647**	

[1] Transaction Volume divided by the Average Annual Transaction Volume from 2001-10.
 Source: Real Capital Analytics: compiled by IRR

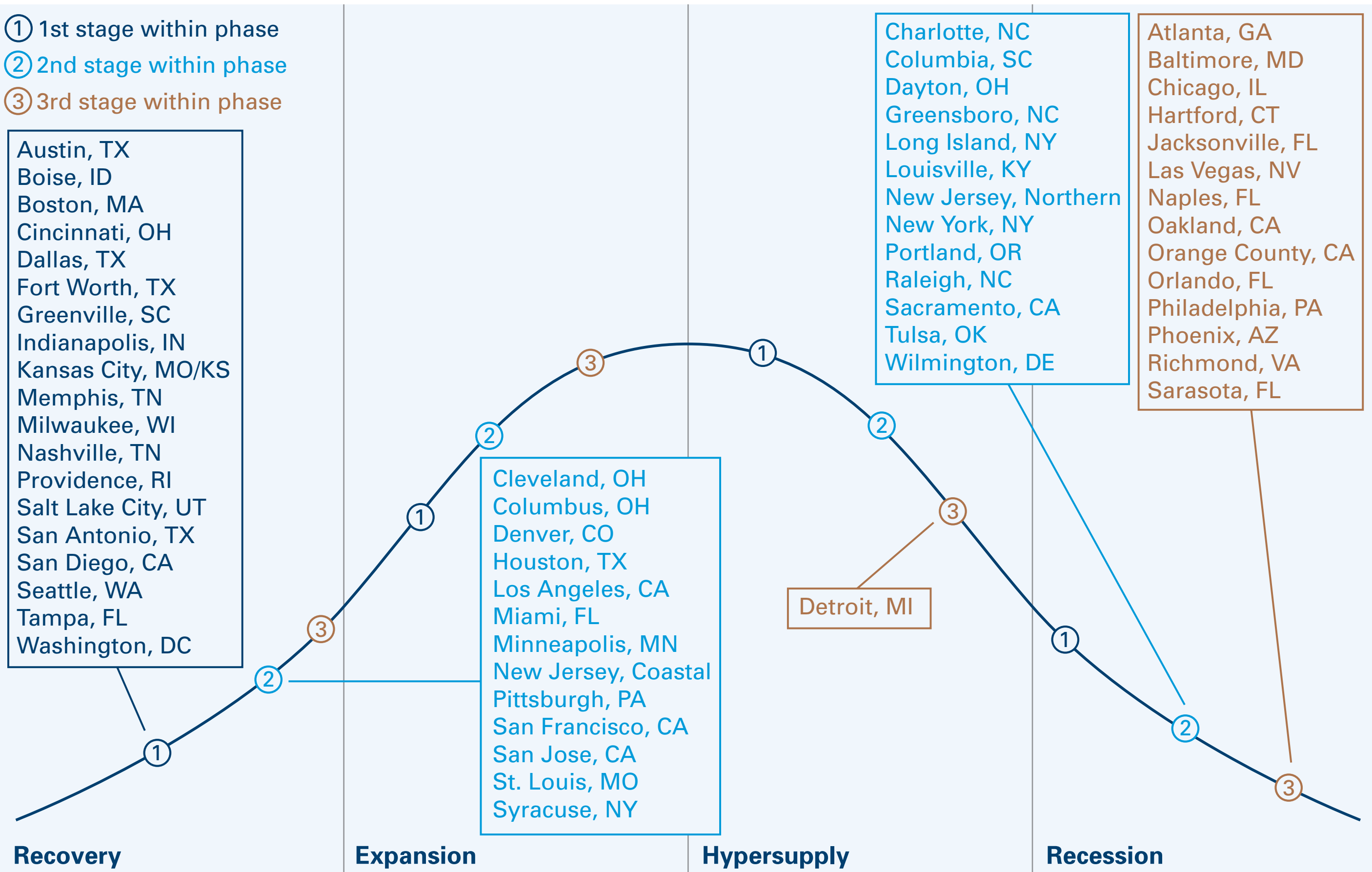
While increased CBD Office risk premiums drove up demand for some Class A product in primary markets, overall transaction volume in the office sector remained 40% off of its 10-year historic average. In fact, every major CBD market remained below its 10-year historical transaction volume in 2011 with the sole exception being Pittsburgh, PA. The 2011 dollar transaction volumes in Pittsburgh were skewed by two large transactions, however, further examination shows that the market was quite shallow outside of these transactions, as only two additional institutional transactions occurred in the market in 2011.

Despite overall improving fundamentals and capitalization rate compressions for Class A assets nationally, the overall CBD Office sector continues to struggle due to a lack of private job creation in the economy. Some of the nation's largest CBD office markets including Atlanta (23% vacancy rate) and Dallas (25.7%) are still reporting a lot of room for improvement, while several smaller markets like Syracuse (29%), San Antonio (24.5%), Detroit (24.5%), and Las Vegas, (24.3%) face similar pain. Overall, a lack of new speculative product being constructed in the marketplace should allow fundamentals to improve over time, however IRR is still projecting that the nation's CBD markets will take 4-5 years to stabilize.

Suburban Office By The Numbers

- Suburban Office capitalization rates ranged from 6. 5% to 10.0%, with an average of 8.13%. Average CBD Office cap rates compressed 37 basis points in 2011.
- Suburban Office discount rates ranged from 7.75% to 12% and averaged 9.36%, a reduction from 2010.
- Capitalization and discount rates are expected to remain stable for Suburban Office in 2012-13 according to a majority of those surveyed.
- Suburban Class A office capitalization rates remained slightly higher than average rates for CBD product.

Suburban Office Market Cycle (Fig. 18)



Recovery	Expansion	Hypersupply	Recession
Decreasing Vacancy Rates Low New Construction Moderate Absorption Low/Moderate Employment Growth Neg/Low Rental Rate Growth	Decreasing Vacancy Rates Moderate/High New Construction High Absorption Moderate/High Employment Growth Med/High Rental Rate Growth	Increasing Vacancy Rates Moderate/High New Construction Low/Negative Absorption Moderate/Low Employment Growth Med/Low Rental Rate Growth	Increasing Vacancy Rates Moderate/Low New Construction Low Absorption Low/Negative Employment Growth Low/Neg Rental Rate Growth

2012 Office Market Conditions and Forecasts: Suburban Market Area (Table 19)

MARKET AREA	INVENTORY (SF)	VACANCY RATE (%)	VACANCY (SF)	AVG ANNUAL NET ABSORP. 2008-2011	TOTAL UNDER CONST. 2012-2015	FORECAST AVG ANNUAL NET ABSORP. 2012-2014	TOTAL % VALUE CHANGE 2008-2011	FORECAST % TOTAL VALUE CHANGE 2012-2013	EST. YEARS TO BALANCE
Atlanta, GA	126,261,000	20.80%	26,268,341	-4,777,000	6,371,000	2,374,333	-40.00%	5.00%	10
Austin, TX	33,559,279	17.00%	5,705,077	53,170	1,700,000	500,000	21.00%	12.00%	3
Baltimore, MD	105,065,653	14.39%	15,115,199	408,641	3,376,000	1,215,000	0.00%	3.00%	2
Boise, ID	16,619,188	17.09%	2,839,949	65,000	22,000	125,000	-30.00%	3.00%	3
Boston, MA	105,700,000	20.66%	21,839,800	225,000	7,638,300	0	-12.00%	6.00%	7
Charlotte, NC	32,140,291	20.76%	6,673,858	169,265	2,278,000	742,667	-15.00%	-2.00%	7
Chicago, IL	123,330,400	26.23%	32,344,885	-1,875,406	4,875,000	975,000	-27.50%	8.00%	8
Cincinnati, OH	22,425,000	21.14%	4,739,750	40,000	1,375,000	516,667	-20.00%	1.00%	4
Cleveland, OH	65,900,000	12.56%	8,275,700	-296,000	1,185,000	250,000	-10.00%	4.00%	3
Columbia, SC	4,980,000	21.00%	1,045,800	-145,000	150,000	58,333	-10.00%	2.00%	8
Columbus, OH	22,930,000	20.36%	4,668,400	-50,000	1,390,000	516,667	-10.00%	6.00%	6
Dallas, TX	226,522,832	16.80%	38,061,799	512,541	7,192,000	2,313,333	-35.00%	6.00%	6
Dayton, OH	30,200,000	11.55%	3,487,750	132,000	625,000	150,000	-15.00%	0.00%	5
Denver, CO	87,934,547	13.59%	11,947,005	623,800	305,000	233,333	-45.00%	4.00%	4
Detroit, MI	127,950,000	21.72%	27,794,950	-602,000	219,000	-320,000	-58.00%	0.00%	8
Fort Worth, TX	61,475,406	11.96%	7,353,238	196,546	797,000	258,333	-35.00%	6.00%	4
Greensboro, NC	13,767,000	19.92%	2,742,993	168,250	799,000	311,333	-30.00%	-5.00%	6
Greenville, SC	8,055,000	10.50%	845,775	150,000	450,000	125,000	-5.00%	9.00%	5
Hartford, CT	17,746,851	17.10%	3,034,712	-737,000	45,000	57,000	-25.00%	10.00%	5
Houston, TX	218,785,000	12.86%	28,135,275	2,161,000	4,800,000	1,616,667	3.00%	4.00%	2
Indianapolis, IN	21,348,000	22.24%	4,748,317	24,000	12,000	422,000	1.00%	2.00%	3
Jacksonville, FL	16,044,000	21.72%	3,484,387	-239,500	466,134	305,333	-30.00%	0.00%	5
Kansas City, MO/KS	31,800,000	16.71%	5,315,000	40,000	500,000	233,333	-15.00%	7.50%	4
Las Vegas, NV	46,753,771	25.93%	12,122,242	-391,167	830,161	0	-10.00%	-10.00%	5
Long Island, NY	47,000,000	12.50%	5,875,000	-400,000	1,100,000	433,333	-18.00%	5.00%	6
Los Angeles, CA	318,240,709	12.52%	39,838,731	-2,675,788	4,195,000	1,480,641	-20.00%	10.00%	3
Louisville, KY	13,622,467	17.99%	2,451,321	88,356	430,000	83,333	-10.00%	0.00%	5
Memphis, TN	38,199,828	12.81%	4,891,782	117,879	200,000	100,000	-20.00%	0.00%	5
Miami, FL	195,300,000	14.28%	27,892,000	280,000	500,000	700,000	-15.00%	5.00%	5
Milwaukee, WI	17,138,000	21.32%	3,653,822	-16,700	1,927,300	33,333	-30.00%	5.00%	5
Minneapolis, MN	48,413,000	19.85%	9,611,882	-291,000	2,281,000	828,333	-13.00%	1.00%	3
Naples, FL	27,494,590	17.50%	4,811,553	103,837	74,700	13,220	-40.95%	3.00%	5
Nashville, TN	24,595,000	8.94%	2,198,740	548,050	2,320,500	650,000	-5.00%	10.00%	2
New Jersey, Coastal	25,040,000	14.99%	3,753,700	-480,850	25,000	108,333	-25.00%	15.00%	5
New Jersey, Northern	144,000,000	21.00%	30,240,000	-400,000	550,000	400,000	-14.00%	6.00%	10
Oakland, CA	88,806,111	13.31%	11,816,879	-427,440	1,528,000	718,333	-30.00%	10.00%	4
Orange County, CA	150,205,078	14.40%	21,629,531	-950,000	1,883,000	723,667	-40.00%	-5.00%	18
Orlando, FL	28,618,000	21.00%	6,009,300	-217,000	1,239,000	426,667	-11.00%	5.00%	4
Philadelphia, PA	195,491,807	13.14%	25,680,358	723,918	4,625,000	6,702	-15.00%	4.00%	5
Phoenix, AZ	147,050,000	22.00%	32,351,000	-350,000	0	1,400,000	-40.00%	5.00%	4
Pittsburgh, PA	52,653,053	9.35%	4,922,677	1,245,671	400,000	166,667	-11.00%	4.00%	1
Portland, OR	32,766,984	17.00%	5,568,780	34,932	236,593	550,000	-35.00%	0.00%	6
Providence, RI	12,928,000	17.01%	2,199,340	166,000	170,000	36,667	-20.00%	-5.00%	5
Raleigh, NC	33,698,000	15.97%	5,380,908	106,500	2,011,000	507,000	-20.00%	0.00%	6
Richmond, VA	39,900,000	15.00%	5,985,000	-10,000	650,000	500,000	-9.00%	6.00%	4
Sacramento, CA	42,893,000	24.37%	10,451,760	-355,000	1,100,000	601,333	-40.00%	0.00%	10
Salt Lake City, UT	20,637,000	15.99%	3,300,070	550,000	490,000	250,000	-20.00%	3.00%	3
San Antonio, TX	23,262,000	17.00%	3,954,540	150,000	1,370,000	522,000	6.00%	6.00%	5
San Diego, CA	87,466,269	16.25%	14,209,987	407,722	83,000	266,667	-19.00%	2.00%	5
San Francisco, CA	116,122,787	12.25%	14,230,153	-485,252	1,254,000	599,000	-15.00%	10.00%	3
San Jose, CA	91,276,205	13.08%	11,939,958	-111,960	2,217,000	1,247,667	-5.00%	10.00%	1
Sarasota, FL	24,712,198	12.90%	3,187,874	-211,034	24,890	116,667	-33.72%	3.00%	4
Seattle, WA	74,592,623	14.31%	10,675,221	483,204	1,670,000	316,667	-35.00%	20.00%	3
St. Louis, MO	34,500,000	16.00%	5,520,000	10,000	1,780,000	648,333	-3.00%	6.00%	5
Syracuse, NY	10,048,304	16.50%	1,657,970	9,250	235,500	-40,333	0.00%	3.00%	3
Tampa, FL	33,249,000	22.63%	7,523,007	-656,500	1,064,000	414,667	-30.00%	0.00%	2
Tulsa, OK	12,964,597	23.99%	3,110,781	-28,892	0	50,000	0.00%	0.00%	10
Washington, DC	314,627,006	14.30%	44,999,593	144,207	11,008,000	3,489,667	-5.00%	10.00%	5
Wilmington, DE	18,500,000	15.89%	2,939,000	-17,500	350,000	183,333	-10.00%	0.00%	8
Totals/Simple Averages:	4,153,304,834	16.98%	673,052,419	-7,059,250	96,393,078	31,511,230	-18.71%	4.04%	5.10
Weighted Averages:		16.21%					-20.22%	5.30%	5.33

Suburban Office vacancy rates decreased in 2011, dropping from 17.12% to 16.21%. These improved fundamentals did translate, however, to a perceived improvement of the balance between supply and demand in the marketplaces, as the weighted average estimated time to balance the Suburban Office markets rose slightly from 5.28 years in 2010 to 5.33 years in the 2011 survey. Unlike the CBD Office marketplace, the Suburban Office marketplace experienced slight supply increases in recent years which negatively impacted the supply and demand balance. Additionally, the economy's inability to create sustainable job growth appears to be impacting absorption expectations in the Suburban Office sector more than in the CBD Office sector.

IRR projects positive Suburban Office absorption of nearly 10.5 million square feet per annum in the 2012 -14 time frame, however, this represents a drastic decrease in absorption expectations compared to 2010's predictions of greater than 20 million of annual absorption. Thus, it would appear that expectations of a strong rebound on the jobs creation front have muted in the past year and IRR professional's are predicting that the recovery and stabilization of the nation's office markets may take longer than initially expected. This is especially true for the following markets which continue to face an abnormally high level of distress in the office sector.

Most Active Suburban Office Markets in 2011 (Fig. 20)

	Location	#	Volume ($ MM)	%[1]
1	NYC Boroughs	8	$497	66%
2	Palm Beach (FL)	13	$469	10%
3	Broward County (FL)	17	$477	-3%
4	Washington DC - VA Suburbs	46	$2,723	-10%
5	Columbus	10	$151	-17%
U.S. Office Totals		***1,123***	***$45,045***	***-40%***
2001-10 Averages		**2,044**	**$74,647**	

[1] Volume divided by the Average Annual Transaction Volume from 2001-10.

 Source: Real Capital Analytics: compiled by IRR

Most Distressed Office Markets (Fig. 21)

	Location	#	Distress ($ MM)	%[1]
1	Detroit	49	$1,189	197%
2	Inland Empire	50	$504	184%
3	Las Vegas	70	$703	94%
4	Long Island	40	$985	83%
5	Palm Beach	36	$689	62%
6	Cincinnati	18	$279	54%
7	Pittsburgh	14	$257	45%
8	Indianapolis	26	$373	38%
9	Atlanta	87	$2,564	28%
10	Cleveland	29	$310	28%
11	Phoenix	122	$1,638	18%
U.S. Office Distress Totals		***2,595***	***$40,721***	***55%***

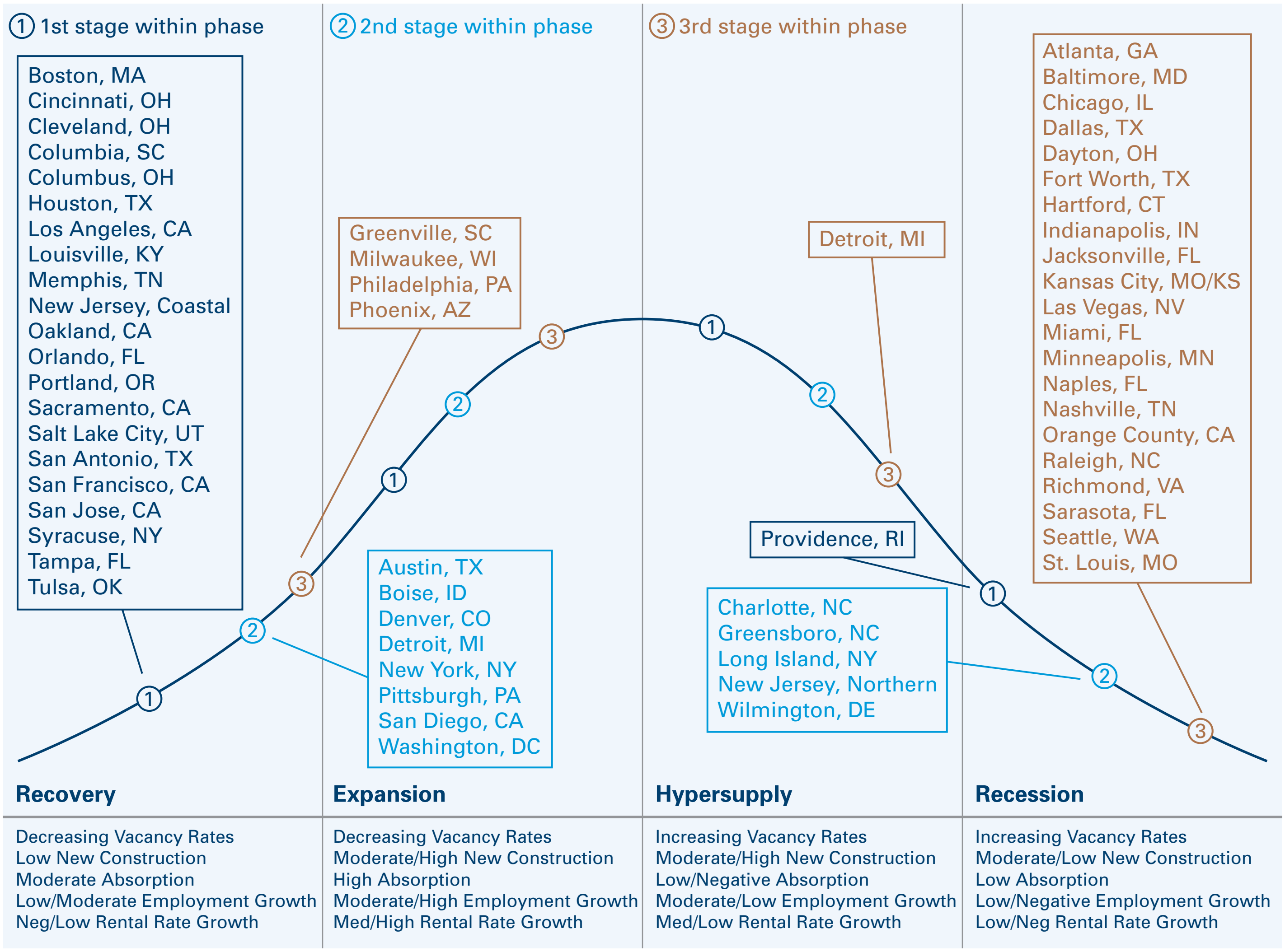
[1] Distressed Volume divided by the Average Annual Transaction Volume from 2001-10.

 Source: Real Capital Analytics: compiled by IRR

Retail By The Numbers

- Retail capitalization rates averaged a decrease of 46 basis points while discount rates dropped approximately 47 basis points over the past year.
- Community Mall capitalization rates declined over the year by an average of 54 basis points, while capitalization rates for Neighborhood Strip Centers and Regional Malls decreased an average of 50 and 37 basis points, respectively.
- Discount rates for Community Malls dropped by 76 basis points.

Retail Market Cycle (Fig. 22)



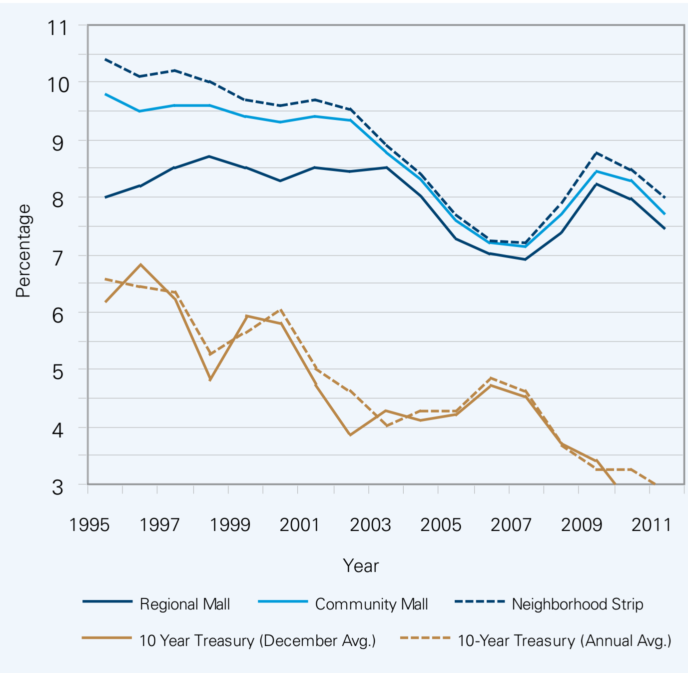
2012 Retail Market Conditions and Forecasts: Central Business Districts and Suburban Market Areas (Table 23)

MARKET AREA	INVENTORY (SF)	VACANCY RATE (%)	VACANCY (SF)	MALL VACANCY RATE (%)	AVG ANNUAL NET ABSORP. 2008-2011	TOTAL UNDER CONST. 2012-2015	FORECAST AVG ANNUAL NET ABSORP. 2012-2014	TOTAL % VALUE CHANGE 2008-2011	FORECAST % TOTAL VALUE CHANGE 2012-2013	EST. YEARS TO BALANCE
Atlanta, GA	81,137,000	12.05%	9,774,795	6.00%	-949,000	2,959,000	852,333	-35.00%	10.00%	7
Austin, TX	40,486,895	8.00%	3,238,952	11.00%	64,530	1,470,000	333,333	8.00%	3.00%	1
Baltimore, MD	128,299,288	6.10%	7,826,257	9.10%	126,675	1,010,000	326,000	0.00%	0.00%	2
Boise, ID	19,324,672	11.18%	2,159,744	3.00%	52,000	393,000	75,000	-35.00%	4.00%	3
Boston, MA	175,200,000	8.72%	15,277,700	7.00%	0	2,190,000	300,000	-5.00%	10.00%	5
Charlotte, NC	34,256,167	10.01%	3,429,059		197,498	20,000	83,333	-25.00%	0.00%	6
Chicago, IL	101,693,000	11.71%	11,905,645	7.50%	-6,023,000	885,000	-1,243,333	-22.50%	7.00%	5
Cincinnati, OH	110,150,000	9.62%	10,595,875	9.00%	200,000	3,350,000	333,333	-25.00%	-5.00%	4
Cleveland, OH	25,100,000	14.73%	3,696,000	9.00%	-225,000	809,000	183,333	-12.00%	2.00%	6
Columbia, SC	18,625,000	9.75%	1,815,938	16.40%	100,000	1,100,000	233,333	-7.00%	6.00%	4
Columbus, OH	60,000,000	14.00%	8,400,000	20.00%	500,000	1,400,000	350,000	-10.00%	5.00%	3
Dallas, TX	230,399,857	9.39%	21,631,010	4.78%	657,409	2,442,000	807,333	-40.00%	3.00%	5
Dayton, OH	16,675,000	18.31%	3,052,938	6.00%	-164,000	425,000	166,667	-25.00%	1.00%	9
Denver, CO	66,571,088	5.19%	3,455,702	9.60%	1,213,000	349,800	100,000	-30.00%	5.00%	2
Detroit, MI	52,150,000	14.93%	7,786,500	7.00%	205,000	627,000	231,667	-8.00%	3.00%	5
Fort Worth, TX	137,016,384	8.89%	12,180,835	2.28%	268,874	793,000	253,333	-40.00%	3.00%	5
Greensboro, NC	37,349,455	11.67%	4,359,551		54,841	263,786	116,667	-30.00%	0.00%	8
Greenville, SC	32,900,000	7.00%	2,303,000	1.00%	225,000	3,300,000	1,000,000	4.00%	11.00%	0
Hartford, CT	14,490,000	10.70%	1,550,430	12.00%	61,000	300,000	83,333	-20.00%	0.00%	4
Houston, TX	173,480,822	16.23%	28,149,448	14.00%	1,743,311	3,720,000	1,036,667	-2.50%	4.00%	7
Indianapolis, IN	114,580,917	7.69%	8,816,888	4.75%	929,052	757,000	274,333	-20.00%	0.00%	6
Jacksonville, FL	22,760,000	13.20%	3,004,320	7.80%	-302,500	2,840,619	476,333	-25.00%	0.00%	7
Kansas City, MO/KS	44,100,000	13.24%	5,837,500	15.00%	-340,000	200,000	233,333	-15.00%	3.00%	5
Las Vegas, NV	51,351,016	10.13%	5,203,208	6.50%	161,088	568,800	200,000	-5.00%	-10.00%	5
Long Island, NY	31,000,000	6.80%	2,108,000	7.00%	-200,000	500,000	266,667	-14.00%	4.00%	3
Los Angeles, CA	388,707,456	4.78%	18,564,486	5.00%	-606,209	2,779,000	894,667	-38.00%	7.50%	5
Louisville, KY	17,537,836	10.78%	1,891,056	10.00%	287,328	50,000	300,000	-10.00%	5.00%	1
Memphis, TN	76,946,780	9.53%	7,336,064	12.70%	341,437	492,661	250,000	4.50%	4.00%	3
Miami, FL	310,500,000	6.48%	20,120,000	8.00%	1,580,000	450,000	1,000,000	-15.00%	2.00%	5
Milwaukee, WI	15,553,000	13.10%	2,037,443	8.50%	-27,000	225,000	166,667	-15.00%	5.00%	3
Minneapolis, MN	66,184,664	8.29%	5,488,042	7.10%	-351,000	1,557,000	435,667	-10.00%	3.00%	3
Naples, FL	67,987,344	8.60%	5,846,912		337,925	215,838	400,000	-24.04%	3.00%	3
Nashville, TN	26,970,000	7.76%	2,093,900	12.00%	170,000	40,000	40,000	-20.00%	2.00%	6
New Jersey, Coastal	44,050,000	9.68%	4,262,500		546,000	575,000	487,500	-10.00%	18.00%	2
New Jersey, Northern	58,000,000	7.60%	4,408,000	8.00%	-300,000	800,000	366,667	-14.00%	6.00%	2
New York, NY	18,000,000	5.50%	990,000	6.00%	-100,000	2,150,000	333,333	-2.00%	8.00%	2
Oakland, CA	112,737,158	4.62%	5,206,157	3.90%	-395,568	959,000	284,333	-15.00%	10.00%	3
Orange County, CA	134,575,949	5.60%	7,536,253		-450,000	1,610,000	450,333	-30.00%	3.00%	1
Orlando, FL	36,487,000	13.74%	5,013,058	5.00%	-215,000	1,125,000	325,000	-8.00%	7.00%	4
Philadelphia, PA	396,578,541	7.83%	31,051,373	3.90%	1,366,604	495,000	252,585	2.46%	7.00%	2
Phoenix, AZ	215,000,000	12.50%	26,875,000	12.00%	175,000	1,175,000	575,000	-55.00%	5.00%	5
Pittsburgh, PA	83,150,000	6.79%	5,643,020	10.00%	101,000	200,000	50,000	-14.50%	5.00%	0
Portland, OR	44,563,401	6.33%	2,822,340	2.52%	-146,044	410,000	750,000	-15.00%	4.50%	0
Providence, RI	19,950,000	20.00%	3,990,000	20.00%	75,000	170,000	40,000	-21.00%	-7.50%	7
Raleigh, NC	28,025,000	10.27%	2,879,476		238,610	2,200,000	514,000	-14.00%	2.00%	4
Richmond, VA	79,500,000	6.38%	5,070,000	10.00%	15,000	1,400,000	450,000	-5.00%	2.00%	0
Sacramento, CA	45,445,000	13.13%	5,968,850	15.00%	886,000	1,320,000	390,667	-45.00%	10.00%	7
Salt Lake City, UT	37,780,000	9.69%	3,661,500	5.00%	-240,000	1,300,000	200,000	-30.00%	0.00%	5
San Antonio, TX	45,491,880	12.30%	5,595,501	8.50%	166,250	1,222,000	396,333	7.00%	5.00%	6
San Diego, CA	143,314,027	6.36%	9,117,745	6.00%	-261,359	560,000	100,000	-14.44%	4.00%	2
San Francisco, CA	97,843,972	3.04%	2,970,953	2.40%	386,537	779,000	206,333	-15.00%	10.00%	2
San Jose, CA	79,882,154	5.25%	4,197,402	1.80%	-148,370	821,000	216,000	-25.00%	10.00%	3
Sarasota, FL	47,735,368	9.10%	4,343,918		-64,330	3,500	133,333	-49.21%	3.00%	5
Seattle, WA	59,390,248	10.39%	6,171,565	5.00%	2,560,024	1,750,000	450,000	5.00%	15.00%	3
St. Louis, MO	130,000,000	8.00%	10,400,000	8.80%	1,284,000	2,050,000	300,000	-5.00%	5.00%	5
Syracuse, NY	9,835,978	13.84%	1,361,051		190,000	300,000	58,333	0.00%	6.00%	3
Tampa, FL	68,340,000	11.39%	7,786,170	0.00%	363,332	978,000	448,000	-20.00%	0.00%	2
Tulsa, OK	18,819,777	12.11%	2,278,818	10.00%		500,000	100,000	-7.00%	15.00%	10
Washington, DC	236,934,607	4.88%	11,563,583	2.00%	310,745	2,667,000	949,000	5.00%	6.00%	0
Wilmington, DE	28,500,000	10.00%	2,850,000	3.00%	75,000	750,000	150,000	-10.00%	0.00%	9
Totals/Simple Averages:	5,109,413,701	9.75%	434,951,428	7.84%	6,706,689	66,752,004	19,536,752	-16.19%	4.33%	4.00
Weighted Averages:		8.51%						-17.56%	4.76%	3.77

Retail inventory totals rose for the third straight period since the recession rising to approximately 5 billion square feet with overall vacancy decreasing 31 basis points to 8.52%, a reversal of three years of declining occupancy in the sector.

The time expected to absorb market supply fell from 4.23 years to 4.00 years from 2010 to 2011. This indicates that many market participants are gradually becoming more optimistic about the prospect of a recovery in the retail market. The decrease in time to supply-demand balance is also related to decreased construction in the sector. As market participants respond to the continued downward trend in the retail market, development in the pipeline for 2012 - 2015 is estimated to decline from a projected 78.7 million square feet in the past year's analysis to a new projection of 66.7 million square feet. Expected retail construction is down substantially from the peak of 185 million square feet in 2008.

Cap Rate Trends – Retail (Fig. 24)



Retail transaction volume in 2011 was quite strong compared to other product segments, lagging the average sales volume for the sector over the past 10 years by only 10% (the least of any major product segment). The sales figures were skewed upward, however, by Blackstone's $9.4 billion acquisition of Centro Properties. Without this large portfolio transaction, the overall retail investment sales market would have lagged historical trends further.

Philadelphia's sales volume was impacted by the sale of the King of Prussia Mall, while St. Louis' investment sales volume was heavily impacted by USAA Real Estate's acquisition of the Regency Centers portfolio.

Most Active Retail Markets in 2011 – Relative Basis (Fig. 25)

	Location	#	Volume ($ MM)	%[1]
1	Philadelphia	32	$1,699	264%
2	St Louis	44	$1,034	207%
3	Nashville	13	$385	115%
4	Manhattan	52	$1,519	81%
5	Kansas City	12	$410	70%
6	Memphis	16	$193	68%
7	Wash. DC-MD Suburbs	19	$563	48%
8	Boston	62	$914	34%
9	Austin	14	$401	33%
10	Tertiary Mid-Atlantic	63	$1,198	31%
U.S. Retail Transaction Totals		***1,749***	***$30,348***	***-10%***
Avg. 2001-10 Retail Volume		**1,959**	**$33,821**	

[1] Volume divided by the Average Annual Transaction Volume from 2001-10.

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The list of distressed retail markets mostly includes previously high growth markets like Las Vegas, Phoenix, and the Inland Empire exhibiting heavy distress as a result of the retail markets being overbuilt in anticipation of future population growth that has yet to occur.

Pittsburgh's uncharacteristically high distressed volume is skewed by two large retail events. First, in September 2011, Simon Property Group gave back the keys on the Century III mall complex. Second, the Galleria at Pittsburgh Mills faces a looming loan maturity default on its $133 million CMBS mortgage in January 2012.

Most Distressed Retail Markets – Relative Basis (Fig. 26)

	Location	#	Distress ($ MM)	%[1]
1	Las Vegas	116	$1,540	145%
2	Pittsburgh	11	$328	141%
3	Phoenix	196	$2,027	100%
4	Inland Empire	94	$1,196	83%
5	Tertiary Southeast	221	$3,032	47%

[1] Distressed Volume divided by the Average Annual Transaction Volume from 2001-10.

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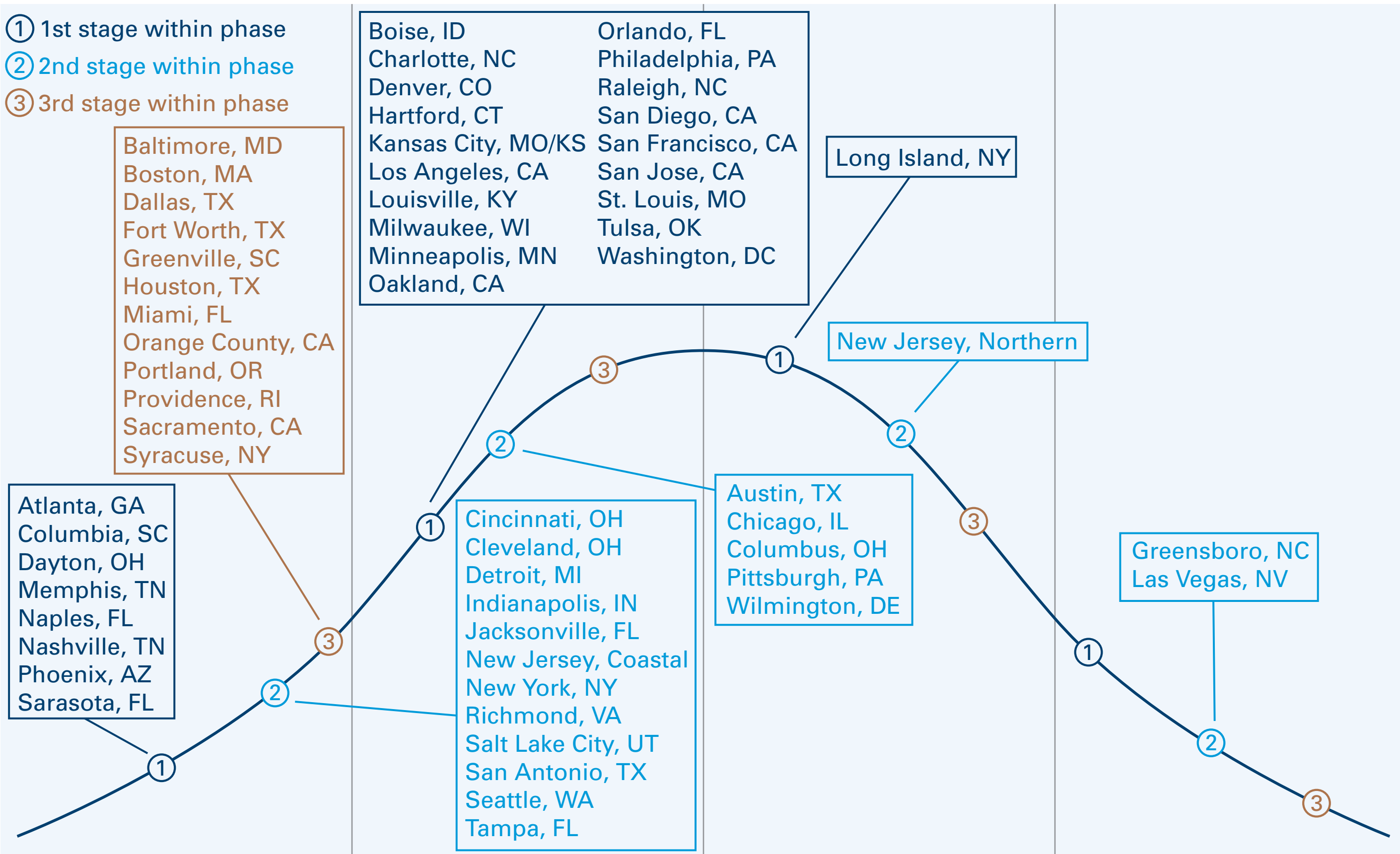
Apartments By The Numbers

- Urban and suburban multifamily capitalization rates maintained their top two rankings as the sectors with the lowest overall average capitalization rates, respectively.
- Urban multifamily capitalization rates fell from 7.16% to 6.32% on average over the past year.
- Suburban multifamily capitalization rates continue to decline. Rates declined 66 basis points in 2009-10 and fell another 78 basis points in 2011 ending at 6.36%.
- A majority of survey respondents (54%) felt that multifamily capitalization rates would continue to decline

Apartment Market Cycle (Fig. 27)



Recovery	Expansion	Hypersupply	Recession
Decreasing Vacancy Rates	Decreasing Vacancy Rates	Increasing Vacancy Rates	Increasing Vacancy Rates
Low New Construction	Moderate/High New Construction	Moderate/High New Construction	Moderate/Low New Construction
Moderate Absorption	High Absorption	Low/Negative Absorption	Low Absorption
Low/Moderate Employment Growth	Moderate/High Employment Growth	Moderate/Low Employment Growth	Low/Negative Employment Growth
Neg/Low Rental Rate Growth	Med/High Rental Rate Growth	Med/Low Rental Rate Growth	Low/Neg Rental Rate Growth

2012 Apartment Market Conditions and Forecasts: Central Business Districts and Suburban Market Areas (Table 28)

MARKET AREA	INVENTORY (UNITS)	VACANCY RATE (%)	VACANCY (UNITS)	AVG ANNUAL NET ABSORP. 2008-2011	TOTAL UNDER CONST. 2012-2015	FORECAST AVG ANNUAL NET ABSORP. 2012-2014	TOTAL % VALUE CHANGE 2008-2011	FORECAST % TOTAL VALUE CHANGE 2012-2013	EST. YEARS TO BALANCE
Atlanta, GA	362,071	8.72%	31,598	6,539	12,307	4,851	-25.00%	15.00%	3
Austin, TX	162,000	5.00%	8,100	3,036	8,500	2,900	4.30%	9.00%	0
Baltimore, MD	143,341	4.40%	6,307	4,639	5,206	1,378	5.00%	8.00%	0
Boise, ID	13,688	4.66%	638	195	833	150	-20.00%	5.00%	0
Boston, MA	198,000	4.20%	8,316	3,000	11,859	3,000	15.00%	8.00%	0
Charlotte, NC	76,923	5.92%	4,552	2,205	6,210	1,594	-15.00%	15.00%	0
Chicago, IL	446,162	5.09%	22,694	2,587	7,500	7,500	7.50%	7.50%	0
Cincinnati, OH	105,330	5.97%	6,291	770	3,150	400	0.00%	6.00%	0
Cleveland, OH	112,500	5.14%	5,779	515	1,074	250	-1.00%	5.00%	0
Columbia, SC	32,910	11.00%	3,620	475	1,850	383	-6.00%	10.00%	4
Columbus, OH	125,792	7.68%	9,658	2,200	4,428	1,089	-3.00%	4.00%	2
Dallas, TX	415,597	6.99%	29,065	6,571	4,666	1,754	3.00%	6.00%	1
Dayton, OH	33,470	6.68%	2,234	325	775	258	-10.00%	6.00%	0
Denver, CO	141,741	5.89%	8,355	200	1,650	433	-10.00%	15.00%	0
Detroit, MI	207,700	6.50%	13,501	4,800	1,226	385	7.50%	5.50%	1
Fort Worth, TX	160,348	7.93%	12,711	1,878	4,666	1,754	3.00%	6.00%	1
Greensboro, NC	63,163	7.83%	4,949	1,480	2,683	895	-35.00%	10.00%	4
Greenville, SC	32,650	7.20%	2,351	600	2,300	600	2.00%	11.00%	1
Hartford, CT	36,593	3.80%	1,391	1,394	700	167	10.00%	15.00%	0
Houston, TX	590,957	11.88%	70,180	55	13,200	5,267	8.00%	6.00%	4
Indianapolis, IN	110,123	6.92%	7,621	1,648	5,100	1,333	-13.00%	1.00%	3
Jacksonville, FL	69,352	8.90%	6,172	1,309	4,406	969	-10.00%	8.00%	3
Kansas City, MO/KS	121,270	7.22%	8,758	356	1,283	500	10.00%	8.00%	0
Las Vegas, NV	134,547	8.21%	11,051	1,417	3,750	1,000	-33.00%	30.00%	3
Long Island, NY	98,000	4.70%	4,606	300	2,400	733	-9.00%	6.00%	0
Los Angeles, CA	760,413	4.36%	33,130	3,219	14,357	4,094	12.00%	10.00%	3
Louisville, KY	49,146	4.17%	2,047	0	3,000	417	3.00%	6.00%	0
Memphis, TN	55,904	7.94%	4,439	324	1,700	467	-2.50%	8.00%	2
Miami, FL	820,000	5.71%	46,800	1,200	550	600	-15.00%	8.00%	1
Milwaukee, WI	96,722	4.00%	3,869	193	3,885	783	0.00%	7.00%	0
Minneapolis, MN	155,270	2.46%	3,825	1,559	5,607	1,122	5.00%	8.00%	0
Naples, FL	18,094	6.00%	1.086	570	0	300	-25.00%	3.00%	0
Nashville, TN	92,802	6.56%	6,087	2,481	4,948	1,127	-22.00%	7.00%	1
New Jersey, Coastal	29,200	5.80%	1,693	200	670	167	3.00%	0.00%	0
New Jersey, Northern	974,000	5.80%	56,492	2,000	5,400	4,333	0.00%	9.00%	0
New York, NY	165,000	3.10%	5,115	4,000	18,000	5,000	8.00%	8.00%	0
Oakland, CA	146,666	3.66%	5,372	1,205	603,536	2,011	0.00%	10.00%	0
Orange County, CA	206,868	4.70%	9,723	1,220	6,425	1,857	-25.00%	5.00%	0
Orlando, FL	130,184	7.88%	10,253	749	5,100	2,317	-5.00%	9.00%	2
Philadelphia, PA	200,951	4.40%	8,842	172	6,469	986	4.70%	4.00%	0
Phoenix, AZ	262,522	8.50%	22,314	3,500	7,321	2,867	-15.00%	25.00%	2
Pittsburgh, PA	84,948	3.86%	3,281	747	2,471	330	3.00%	6.00%	0
Portland, OR	104,656	3.52%	3,686	2,107	3,350	800	0.00%	12.50%	0
Providence, RI	48,450	8.77%	4,250	485	525	88	-5.00%	5.00%	3
Raleigh, NC	104,303	5.47%	5,704	2,613	5,939	1,514	-7.00%	6.00%	0
Richmond, VA	69,000	6.59%	4,545	360	4,400	1,200	5.00%	5.00%	0
Sacramento, CA	101,434	4.83%	4,901	757	5,835	1,428	5.00%	10.00%	0
Salt Lake City, UT	88,200	5.87%	5,175	3,200	5,400	1,333	-15.00%	10.00%	3
San Antonio, TX	148,442	7.25%	10,762	1,750	10,339	2,305	6.10%	6.00%	0
San Diego, CA	180,400	3.70%	6,675	1,100	3,410	1,040	-1.00%	4.00%	0
San Francisco, CA	136,041	3.35%	4,551	511	5,126	1,554	0.00%	10.00%	0
San Jose, CA	110,561	3.09%	3,415	983	6,416	1,316	0.00%	10.00%	0
Sarasota, FL	15,659	9.50%	1,488	175	0	200	-25.00%	3.00%	2
Seattle, WA	219,026	5.21%	11,419	6,027	20,000	5,333	-6.00%	20.00%	1
St. Louis, MO	118,900	6.00%	7,134	2,500	2,575	747	5.00%	6.00%	0
Syracuse, NY	17,300	3.42%	592	130	400	33	-2.00%	6.00%	1
Tampa, FL	152,541	6.38%	9,727	2,546	5,999	1,533	-30.00%	20.00%	0
Tulsa, OK	67,500	8.50%	5,738	2,250	4,000	1,000	5.00%	10.00%	0
Washington, DC	402,062	4.33%	17,395	5,836	29,395	8,180	7.50%	8.00%	0
Totals/Simple Averages:	10,327,393	5.98%	622,024	104,988	914,270	97,727	-4.12%	8.65%	0.86
Weighted Averages:		6.02%					-1.97%	9.13%	1.03

in 2012-13, while almost as many respondents felt that multifamily capitalization rates may have reached a floor and will stabilize near current rates.

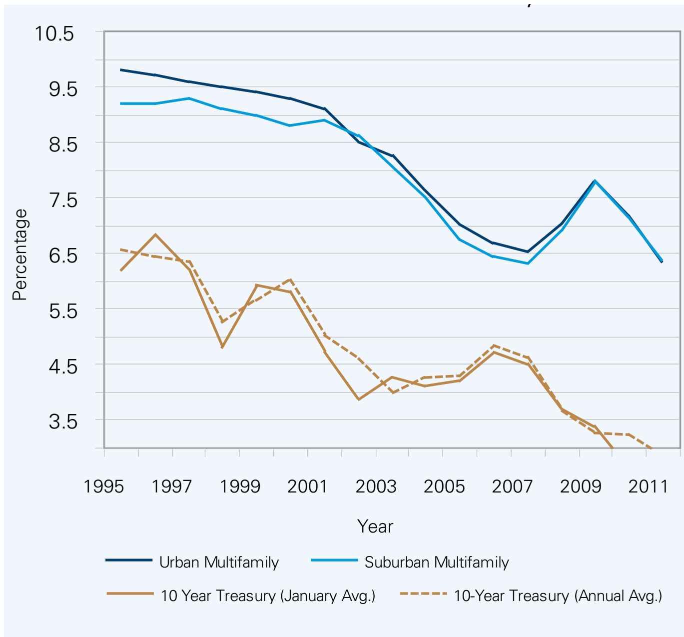
- Urban multifamily discount rates decreased on average to 8.02%, the lowest of any asset class. This represents a significant decrease from 9.39% in 2009 and 8.75% in 2010.

- The average discount rate for suburban multifamily properties decreased to 8.15% in 2011. This average has decreased from average rates of 8.80% and 9.44% in 2009 and 2010, respectively.

Along with improving capitalization and discount rate metrics, apartment fundamentals also improved in 2011. Average vacancy rates decreased from 7.59% to 5.98%. Almost without exception, apartment markets throughout the country reported higher average occupancy rates. Houston posted the highest apartment vacancy rate for the second consecutive year at 11.88%. However, Houston's vacancy rate still exhibited an improvement over the previous year's vacancy rate of 13.87%. Minneapolis passed New York as the tightest reported multifamily market, with a vacancy rate of only 2.46% reported.

In conjunction with the improved average vacancy rates throughout the country, the estimated years to balance current supply and demand fell to less than a year from 1.83 years in 2010. Forecasts for construction of new units jumped dramatically this year (69%) after only a slight increase in 2010 (6%), following two years of 17-19% declines in projected construction volumes. With construction estimates rising and strong property fundamentals being reported, many markets reported that the multifamily sector had entered the expansion phase of the life cycle, further confirming that the product sector is leading the recovery process. Improved property fundamentals along with expectations of flat to declining cap rates are expected to drive apartment values higher nationally in 2012-13.

Cap Rate Trends – Multifamily (Fig. 29)



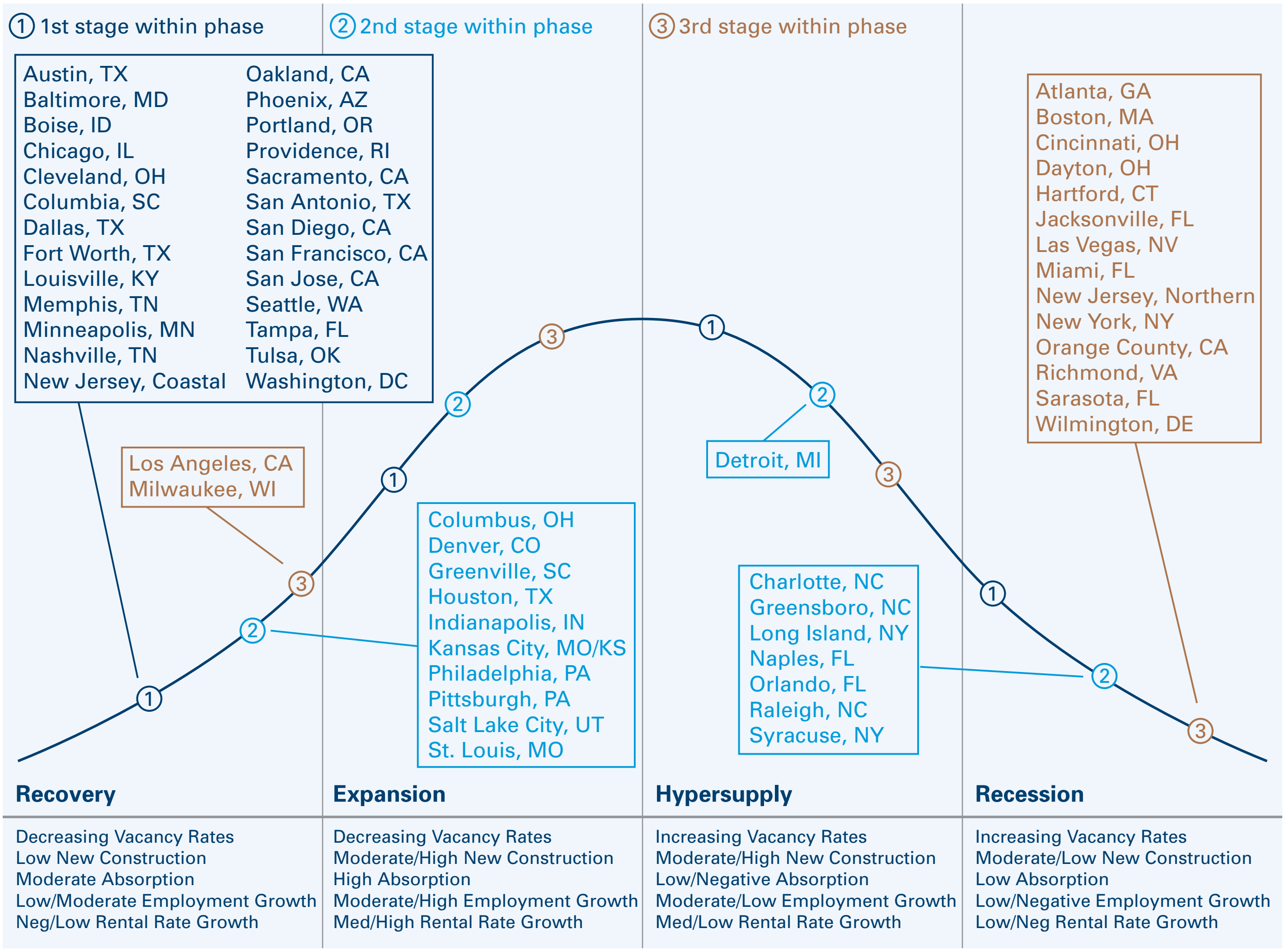
Investment sales activity in the multifamily sector was strong in 2011, as investors looked at the improving product fundamentals and determined that it was a safe asset class. Primary markets such as San Francisco, Washington DC, Northern New Jersey, Boston, and Chicago saw significant increases in transaction volume above 10-year averages. The class as a whole saw transaction volume increase 33% over the annual average from 2008-2010.

While fundamentals and investment demand remain strong in many markets, some markets became overbuilt with failed condominium projects and over-leveraged multifamily projects. This has resulted in the multifamily sector leading all major CMBS sectors in delinquency rates, and has also led to significant distress in markets such as Las Vegas, Miami, and Jacksonville. Overall, however, the sector is the strongest performing real estate asset class.

Industrial By The Numbers

- The Manufacturing capitalization rate average dropped from 8.87 to 8.51%.
- The Office/Warehouse cap rate average also decreased from last year's 8.51% to this year's average of 8.22%.
- R&D cap rates declined the second year in a row from 8.76% last year to 8.46% in 2011.
- The Bulk property class continued to decline from last year's 8.51% to an average of 8.13% this year.

Industrial Market Cycle (Fig. 30)



2012 Industrial Market Conditions and Forecasts: Central Business Districts and Suburban Market Areas (Table 31)

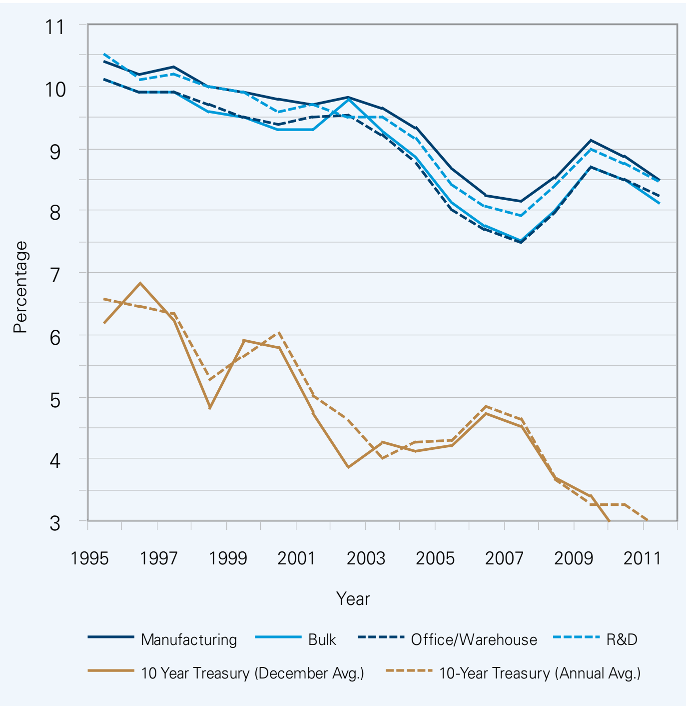
MARKET AREA	INVENTORY (SF)	VACANCY RATE (%)	VACANCY (SF)	AVG ANNUAL NET ABSORP. 2008-2011	TOTAL UNDER CONST. 2012-2015	FORECAST AVG ANNUAL NET ABSORP. 2012-2014	TOTAL % VALUE CHANGE 2008-2011	FORECAST % TOTAL VALUE CHANGE 2012-2013	EST. YEARS TO BALANCE
Atlanta, GA	639,001,298	13.33%	85,153,212	1,443,887	24,701,000	6,180,000	-25.00%	5.00%	10
Austin, TX	38,415,000	16.30%	6,261,645	-145,250	2,300,000	633,333	3.00%	10.00%	3
Baltimore, MD	191,557,121	10.20%	19,538,826	-26,123	5,754,000	2,032,000	-10.00%	0.00%	5
Boise, ID	31,789,643	11.09%	3,526,243	10,000	126,970	200,000	-25.00%	3.00%	3
Boston, MA	102,500,000	20.77%	21,286,500	-150,000	1,640,000	933,333	-20.00%	6.00%	5
Charlotte, NC	43,325,162	15.52%	6,724,335	147,853	0	250,000	-10.00%	0.00%	9
Chicago, IL	1,304,765,743	11.77%	153,554,145	-3,542,443	3,374,265	3,500,000	-15.00%	8.00%	3
Cincinnati, OH	295,775,000	9.36%	27,680,750	-370,000	7,500,000	2,000,000	-20.00%	5.00%	4
Cleveland, OH	267,380,000	14.40%	38,514,640	100,000	200,000	1,416,667	-2.00%	3.00%	2
Columbia, SC	35,710,000	8.00%	2,856,800	120,000	700,000	141,667	-10.00%	5.00%	4
Columbus, OH	206,500,000	11.61%	23,974,000	700,000	5,950,000	1,700,000	-10.00%	3.00%	5
Dallas, TX	512,955,133	10.74%	55,095,221	816,396	9,779,000	3,459,667	-15.00%	6.00%	3
Dayton, OH	102,175,000	10.27%	10,488,750	-940,000	1,500,000	433,333	-13.00%	3.00%	5
Denver, CO	187,382,697	6.37%	11,927,486	568,000	7,646,000	2,293,000	-15.00%	8.00%	1
Detroit, MI	309,000,000	17.78%	54,952,500	-1,239,200	214,000	108,333	-75.00%	2.00%	4
Fort Worth, TX	251,742,550	10.00%	25,186,408		9,426,000	2,778,667	-20.00%	6.00%	3
Greensboro, NC	66,875,040	21.56%	14,416,964	200,674	301,910	233,333	-25.00%	0.00%	8
Greenville, SC	1,550,000	9.75%	151,125	225,000	3,700,000	816,667	0.00%	8.00%	3
Hartford, CT	88,897,618	13.30%	11,823,383	-1,257,000	400,000	83,333	-20.00%	0.00%	7
Houston, TX	510,550,000	5.77%	29,441,075	7,205,000	14,050,000	3,363,333	0.00%	4.50%	0
Indianapolis, IN	234,800,000	7.89%	18,526,000	825,000	7,000,000	4,000,000	-4.00%	0.00%	2
Jacksonville, FL	78,520,000	8.90%	6,988,280	847,750	2,635,000	794,333	-20.00%	6.00%	3
Kansas City, MO/KS	289,800,000	7.32%	21,220,000	915,000	1,700,000	300,000	-5.00%	4.00%	1
Las Vegas, NV	103,718,202	18.01%	18,682,942	-2,075,000	120,000	500,000	-10.00%	-5.00%	5
Long Island, NY	48,000,000	9.00%	4,320,000	-700,000	800,000	400,000	-16.00%	5.00%	4
Los Angeles, CA	1,011,510,878	5.04%	51,017,422	-4,195,835	18,094,000	4,632,667	-20.00%	15.00%	3
Louisville, KY	63,400,000	18.47%	11,708,000	931,101	3,000,000	1,000,000	1.00%	2.00%	5
Memphis, TN	207,857,754	12.58%	26,140,331	660,365	2,459,944	750,000	-10.00%	3.00%	3
Miami, FL	427,400,000	9.22%	39,426,000	1,450,000	220,000	1,000,000	-15.00%	3.00%	3
Milwaukee, WI	238,165,409	9.80%	23,340,210	1,825,000	2,600,000	916,667	-22.50%	5.00%	2
Minneapolis, MN	112,256,490	12.23%	13,730,109	548,000	9,002,000	2,115,000	-7.00%	5.00%	3
Naples, FL	49,728,172	11.90%	5,917,652	-316,654	0	400,000	-25.58%	3.00%	3
Nashville, TN	196,890,263	11.28%	22,214,595	3,557,891	937,000	1,185,964	-5.00%	4.00%	3
New Jersey, Coastal	36,115,000	10.47%	3,780,150	-342,000	0	283,333	-9.00%	8.00%	3
New Jersey, Northern	710,000,000	8.70%	61,770,000	-2,000,000	4,600,000	5,000,000	-15.00%	6.00%	2
New York, NY	37,000,000	9.00%	3,330,000	-200,000	0	366,667	-19.00%	4.00%	3
Oakland, CA	262,290,468	10.84%	28,422,906	-1,799,372	4,072,000	1,376,667	-10.00%	10.00%	2
Orange County, CA	309,022,461	5.91%	18,274,430	-765,000	3,669,000	428,333	-25.00%	10.00%	0
Orlando, FL	109,937,000	14.47%	15,907,250	10,000	2,170,000	1,233,333	-17.00%	3.00%	4
Philadelphia, PA	283,134,981	9.55%	27,042,867	577,279	4,525,000	-47,682	0.00%	6.00%	4
Phoenix, AZ	295,500,000	13.50%	39,892,500	650,000	5,300,000	5,333,333	-30.00%	10.00%	2
Pittsburgh, PA	133,211,321	8.89%	11,844,739	1,252,000	1,800,000	433,333	-1.00%	2.00%	3
Portland, OR	164,094,091	8.41%	13,800,824	383,755	3,707,525	2,233,333	-15.00%	5.00%	2
Providence, RI	24,250,000	10.50%	2,546,250	40,000	175,000	41,667	-7.50%	-2.50%	6
Raleigh, NC	28,775,000	18.50%	5,323,375	-45,500	1,621,000	375,667	-27.00%	2.00%	10
Richmond, VA	99,900,000	12.91%	12,899,400	-115,000	500,000	666,667	-10.00%	2.00%	5
Sacramento, CA	170,700,000	13.11%	22,379,500	-1,132,000	3,265,000	1,032,333	-25.00%	8.00%	10
Salt Lake City, UT	113,644,485	6.90%	7,841,469	4,640,958	1,650,000	1,000,000	9.70%	6.00%	0
San Antonio, TX	59,907,000	11.00%	6,589,770	201,250	3,544,300	762,333	7.00%	7.00%	8
San Diego, CA	163,377,447	11.63%	19,002,092	-842,691	551,000	500,000	-38.00%	4.00%	4
San Francisco, CA	104,868,274	6.23%	6,534,519	-1,016,828	2,957,000	1,253,333	-5.00%	10.00%	2
San Jose, CA	221,437,704	11.17%	24,744,998	-1,227,308	3,394,000	2,138,000	-5.00%	10.00%	2
Sarasota, FL	51,228,262	10.20%	5,225,283	-302,691	0	200,000	-15.67%	3.00%	5
Seattle, WA	275,344,997	7.76%	21,363,128	1,803,418	1,350,000	500,000	0.00%	5.00%	3
St. Louis, MO	250,100,000	9.20%	23,009,200	250,000	5,520,000	1,910,000	-5.00%	5.00%	3
Syracuse, NY	63,900,000	10.50%	6,709,500	700,000	0	433,333	0.00%	2.00%	1
Tampa, FL	102,500,000	14.37%	14,733,420	1,209,664	4,221,000	1,131,667	-21.00%	0.00%	10
Tulsa, OK	59,977,338	10.32%	6,189,661	-505,511	450,000	200,000	0.00%	4.50%	5
Washington, DC	215,263,417	14.80%	31,858,986	-107,020	330,846	-85,506	-5.00%	3.00%	5
Wilmington, DE	36,500,000	16.27%	5,940,000	35,000	500,000	233,333	-10.00%	0.00%	8
Totals/Simple Averages:	12,631,873,419	11.41%	1,312,741,767	9,491,815	207,703,760	79,484,776	-13.08%	4.48%	3.98
Weighted Averages:		10.39%					-14.99%	4.47%	3.42

- Bulk, Office/Warehouse, Manufacturing and R&D cap rate rankings in relation to all other property segments remained the same year over year.

- For the second year in a row, roughly 30% of survey participants expect cap rates and discount rates for industrial sectors to decline. A large majority of participants predict cap and discount rates to remain stable.

Vacancy rates declined for the first time in three years from 10.85% in 2010 to a current weighted average of 10.39%. Notably, rolling 24 month projected annual absorption reversed its free-fall decline of 34% in 2008 to 2009, and 31% in 2009 to 2010, rising by 24% in 2010 to 2011, or 20.9 million square feet over the year to a projected 79 million square feet. Planned development saw a modest increase over the same period. Last year, 184.3 million square feet were in the pipeline which has risen this year to a projected 207.7 million square feet.

Cap Rate Trends – Industrial (Fig. 32)



As usual, Los Angeles and Chicago led the nation in industrial sales activity, with a sizeable drop off in the number of transactions (but not dollar volume) thereafter. Nationally, industrial sales activity lagged the average annual sales activity for the previous decade by approximately 30%, but 2011 activity was up slightly compared to the previous three years.

Active Industrial Markets in 2011 – Overall Basis (Fig. 33)

	Location	#	Volume ($ MM)
1	Los Angeles	112	$1,415
2	Chicago	94	$1,277
3	Tertiary Southeast	45	$1,020
4	Inland Empire	45	$861
5	San Jose	46	$790
U.S. Industrial Volume Totals		***1,167***	***$16,558***
Avg. 2001-10 Industrial Totals		**1,885**	**$23,802**

 Source: Real Capital Analytics

Overall, the industrial sector is facing the least amount of distress of all of the major product classes. This is typical of the product, which tends to be less volatile than other asset classes as a result of its lower rents and cost basis structure allowing the product group to adapt to current market conditions more quickly than other asset classes. While this sector is performing well overall, pockets of notable distress do exist, as detailed in the following chart.

Most Distressed Industrial Markets – Relative Basis (Fig. 34)

	Location	#	Volume ($ MM)	%[1]
1	Long Island	69	$469	149%
2	Detroit	58	$450	136%
3	Las Vegas	108	$626	125%
4	NYC Boroughs	43	$673	82%
5	Sacramento	23	$156	11%
6	Phoenix	102	$727	11%
7	Tertiary Southeast	108	$644	5%

[1] Distressed Volume divided by the Average Annual Transaction Volume from 2001-10.

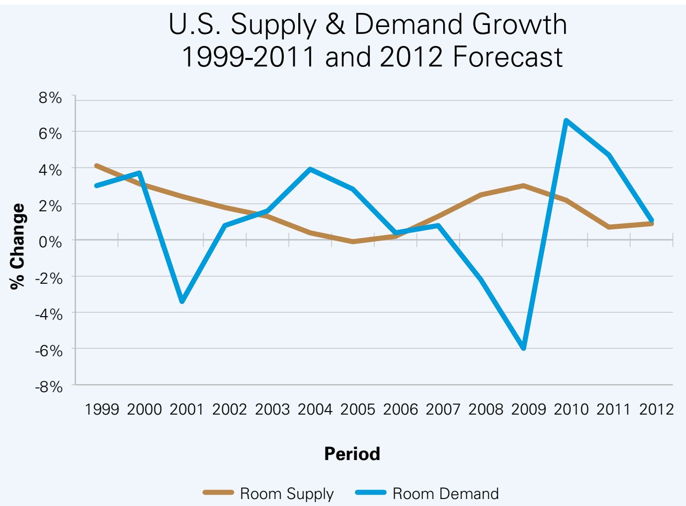
 Source: Real Capital Analytics: compiled by IRR

Lodging

By: Ken Jaggers, MAI, FRICS
Managing Director
IRR – Kansas City

The underlying economics of the lodging sector appear to have emerged from the recession. Occupancy levels and room rates have rebounded from lows in 2009, and are expected to continue their growth in 2012, albeit at a slower growth rate. However, there remains significant disparity among markets and property types, mostly because lodging experts are almost unanimous in cautioning that future forecasted room demand is weaker as a result of poor job growth. Additionally, continued uncertainty in the capital markets for lodging assets has also weighed on valuations.

Lodging Supply & Demand (Fig. 35)



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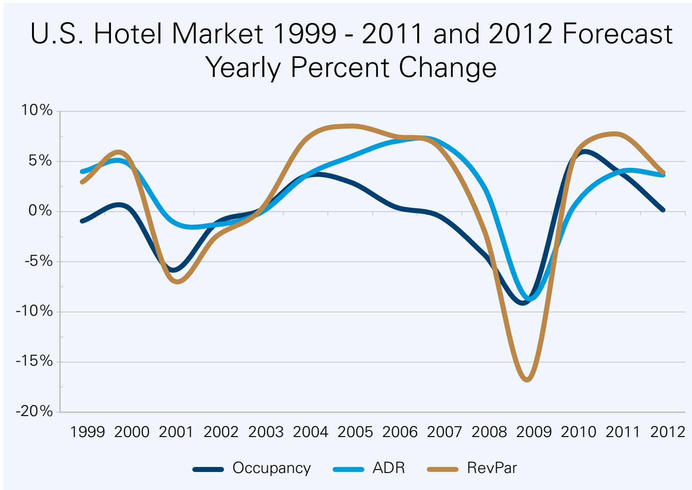
Average occupancy rates are projected to increase 2.4% in 2011 and are further forecasted to increase 0.2% in 2012 to 60%, which is 60 basis points off of the running average from 1999 to 2011. Average Daily Rates (ADRs) for rooms are projected to end 2011 up 3.9%, with a similar increase also projected in 2012. Revenue Per Available Room (RevPAR) was down 16.7% in 2009, but increased 5.3% in 2010, and is projected to increase 7.7% in 2011 and is further forecasted to increase 3.9% in 2012.

The investment sales market for U.S. lodging assets has recovered from its lows of 2008 and 2009, with closed

Occupancy, ADRs, RevPARs (Fig. 36)



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transaction volume in 2011 expected to triple over those years' low volumes. The average sales price per room is also recovering. The 2011 average price per room was $169,329, or 42% higher than the 2009 low of $119,068 per room.

Despite this recovery in investment sales, public lodging REITs have not enjoyed a similar appreciation in value. While REITs like Ashford, Apple, and Pebblebrook have taken advantage of distressed situations to purchase assets at well below replacement cost in 2011, the Dow Jones' U.S. Hotel & Lodging REIT Index fell almost 40% during Q3 of 2011 on general market concerns for future travel demand as well as capital markets fears surrounding owners' ability to refinance significant loan maturities in 2012-14. These fear factors contradict improved fundamentals and cause the lodging sector to lag other commercial real estate sectors in the value recovery cycle, especially in secondary markets.

Seniors Housing

By: Charles Bissell, MAI, CRE
National Practice Leader
IRR – Seniors Housing & Healthcare Specialty Practice

In 2011, the independent and assisted living markets saw rising occupancy levels, increasing rent levels, and increasingly aggressive underwriting by lenders and buyers. Conversely, skilled nursing operators and investors did not fare as well, and there are more dark clouds on the horizon.

According to the National Investment Center for the Seniors Housing and Care Center's MAP (NIC MAP) surveys, independent living occupancy in the largest 31 markets for the third quarter of 2011 stood at 87.9%, an encouraging 100 basis point improvement over the same period in 2010. Of the three primary seniors housing sectors, this sector was hit the hardest by the collapse of the U.S. housing market, as it is less of a needs based product. On another positive note, the gains in occupancy were not attributable to rental rate reductions, as NIC MAP also reported a 1.8% increase in average rental rates for the 3rd Quarter of 2011 as well.

Assisted living, including dementia care, is a needs based product, and fared relatively well through the recession. In recent quarters, occupancy levels and rent levels have continued to improve. The average occupancy nationally stood at 88.6% for the third quarter of 2011 according to NIC MAP, up 30 BPS from the same quarter a year prior. Rental rates have also continued to climb, growing at an annual rate of 1.1% in the third quarter of 2011.

In contrast to the independent and assisted living segments, which are predominately private pay, the nursing home sector is dependent upon government funding via Medicaid and Medicare.

Medicaid payment plans vary from state to state. But what is consistent is the fact that states are seeking ways to curb Medicaid spending. According to a survey by the Kaiser Family Foundation, 46 states are adopting plans that cut and restrict payments to providers in 2012, while 11 states will have restrictions on long-term care programs and services. Cuts as high as 10% have been approved recently.

Medicare cuts have also occurred. Effective October 1, 2011, an 11.1% rate cut went into effect. While this cut was partially in response to unintended increases in rates due to changes made the prior fiscal year, the 11.1% cut took many by surprise. To make matters worse for the sector, the failure of the Congressional Super Committee to cut the budget deficit will trigger an additional mandated 2% cut in future Medicare payments. Thus, it appears that in the years to come, nursing home funding will be a frequent target of legislators trying to trim spending at the state and national levels.

The good news in all three sectors is that construction activity remains under control. As of the third quarter of 2011, units under construction in the 31 largest markets stood at 1.5% of existing inventory, and the number of units under construction was 22% less than in the third quarter of 2010 according to NIC MAP.

REITs and institutional investors have been aggressively pursuing acquisition and consolidation strategies, driving cap rates down and prices up. As an example, an independent and assisted living asset in Naples Florida was recently acquired for $85 million, translating to a capitalization rate of 7%. The price was bid up by a number of buyers seeking to acquire this high quality stabilized asset.

Conclusion

IRR predicts that seniors housing markets will likely see continued improvement in occupancy levels as well as average rental rates in the independent living and assisted living subsectors in 2012. This will likely lead to continued strong demand from the investment community. In the nursing sector, investors may decide to sit on the sidelines for some time until the ramifications of the recent and proposed reimbursement rate cuts are digested by the marketplace.

Gaming

By: Anthony S. Graziano, Sr.; Chairman Emeritus
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Shelli L. Lowe, Managing Director

Following several years of success in the early part of the last decade, the gaming industry entered a period of robust expansion, however, the industry faced a reversal of fortunes starting in 2007. As a result, the industry is still in the process of recovering. The past five years have wrought harsh lessons in the economics of overbuilding based on prospects of ever rising gaming demand against the backdrop of a challenging contraction in disposable incomes. Like a player short stacked at the poker table, the industry is beaten down but not out, as it still has a "chip and chair" in the competition for global gaming revenues.

Historical Perspective

Along the East Coast in 2004, there were essentially only three states where casino gaming was legalized: New Jersey, Connecticut and Delaware. Gaming revenues in these areas were growing by factors of 2% to 6% annually. By the end of 2004, gross gaming revenues in these three states were over $7.5 billion annually, and operators were paying over $1 billion annually in taxes to these states. This led other states to begin attempting to attract the tourists and tax dollars associated with the industry, and an era of expansion resulted.

From 2004 until 2007, large operators expanded into markets outside of Las Vegas and Atlantic City with hopes of leveraging the synergies of multiple locations throughout the U.S. to attract more market share, especially along the East Coast. Through 2011, gaming venues along the East Coast, from Florida up through Maine, increased by 48 licenses since 2004. These expansions often resulted in operators opening venues in new states with much more punitive tax regimes, which increased the risk profile of such ventures by lowering the effective earnings potential for operators. What began as a modest expansion of gaming venues along the East Coast in 2004-05 became an all-out race to open venues by 2007. This industry expansion turned out to be ill-timed, as the financial meltdown in 2007-08 reversed industry growth trends and brought significant distress to the industry.

Despite these challenges, Pennsylvania, which experienced the most dramatic growth in casino gaming operations during the expansion era, has seen its gross gaming revenues increase from $500 million in 2007 to over $2.45 billion in 2010-11, with further growth to over $3 billion expected in 2011-12. Smaller gaming (and tax) revenue growth were experienced in other states which legalized gaming, and the risk of new supply from further states joining the gaming fray has not yet subsided. In fact, Massachusetts recently became the 11th East Coast state to legalize gaming, and the New York legislature continues to debate the most prudent manner to prevent "leakage" of disposable income and potential tax revenues from the residents of this populous state frequenting out of state gaming venues.

While the introduction of new gaming venues has slightly increased the overall demand for gaming, new venues have also dramatically cannibalized revenues from older established venues. For instance, New Jersey reports a drop in gaming win revenue of 36% from 2006 to October 2011 (annualized) for the state. Such drops will only be exacerbated by the continued opening of potential new gaming markets, especially in potentially attractive markets like Miami.

Historical & Projected U.S. Gaming Revenues

The domestic U.S. gaming market reached saturation almost simultaneously with the economic collapse. Thus, despite recently improved macroeconomic conditions, the industry still faces major headwinds against a full recovery as a result of increased supply and competition. Overall, gaming revenue growth has been negative in each sector between 2006 – 2011, and even aggressive growth projections over the next five years don't fully return the industry to the record revenue levels of 2006 after adjusting for inflation. Total 2011 gaming revenue in the U.S. is estimated by IRR at $46.1 billion (other sources including IBIS World place the estimates closer to $47 billion), which is down 1.3% from 2010.

Hotel Casino Segment

Improved travel demand and recent industry consolidation have improved industry prospects for the larger players,

Historical & Projected U.S. Gaming Revenues (Fig. 37)

	2006	2011	Projected 2016	Ann. Change 2011-16 (%)
Nevada	11.4	10.1	11.2	2.1%
Atlantic City	5.1	3.2	3.5	1.8%
Other (PA and Future)	3.1	6.6	7.8	3.4%
Total Casino and Core*	**19.6**	**19.9**	**22.5**	**2.5%**
Casino Hotels	19.6	19.9	22.5	2.5%
Non-Casino Hotels	16.8	15.5	20.0	5.2%
Native American Casinos	22.7	10.7	12.0	2.3%
Total U.S. Domestic	**59.1**	**46.1**	**54.5**	**3.4%**

Source: IRR Estimates; Public records for various gaming jurisdictions

**Core includes PA, CT, and Gulfport region*

and IRR forecasts slow but continued growth in U.S. casino gaming revenue of approximately 3.1% per year for the next five years. This estimate includes higher growth rates in potential new markets as well as new planned entrants into existing core markets. Nevada and Atlantic City overall are likely to grow at a slower pace of about 2% because these markets are mature and there will likely be further consolidation of older properties. This will likely be best exemplified when the Revel property opens in Atlantic City in 2012, as lower-tier properties will likely suffer as a result of the new entrant and face consolidation or closure.

Non-Hotel Casino Segment

The non-hotel casino segment – consisting primarily of riverboat casinos, racinos, and slot-only venues – is the fastest growing domestic gaming segment. This segment accounted for approximately $15.5 billion revenue in 2011, an increase of 1.3% over 2010. IRR estimates same venue revenue growth of 2% per annum for the next five years, but adding growth from new venues will likely result in an overall segment growth rate of approximately 5.2% per year. This segment of the gaming industry is mostly Riverboat casinos, with major Riverboat locations including Illinois, Indiana, Louisiana, Iowa, Mississippi and Missouri. However, the slot-only venues, racinos, and other forms of gaming will likely continue to expand as more state's view the related tax revenues as key to solving state budget deficits.

Native American Casino Segment

Native American Reservation Casino revenues were steady from 2010 to 2011 at about $10.7 billion. This is a positive sign following years of revenue declines in the segment's two historically dominant markets due to increased competition from casino hotels and non-casino segments, as well as international and online gaming options. This segment will continue to benefit from more beneficial tax treatment than its domestic competition, but further cannibalization of revenues from increased competition will continue to drive consolidation within this segment and limit overall economic prospects.

International Gaming Markets

In previous reports on the gaming industry, IRR recorded the explosive growth in Macau's Coati Strip, and our recognition that MGM's formal departure and divestiture from Atlantic City over licensing issues signaled stronger growth ahead in China. The 2002 reported revenues in Macau were U.S. $2.6 billion, growing to U.S. $6.7 billion by 2006, and on pace to achieve U.S. $34.5 billion by the end of 2012. Such revenue figures represent over 80% of the total U.S. gaming market in all segments. In 2007, Macau overtook Las Vegas in total revenue, and Macau is now unquestionably the world's biggest gaming destination. In fact, Macau now accounts for more than one half of gaming revenues from most of the major U.S. gaming companies.

The growth in Macau has exceeded expectations by such magnitudes that industry analysts continue to struggle in analyzing the long-term impacts of the international gaming markets on the U.S. gaming industry. It is clear that an ever-larger share of the international high roller market will be retained outside the U.S.

Macau and other Southeast Asian gaming destinations aren't the only new international market entrants worth noting. The Russian Primorye Gambling Zone, with 2-3 hour flight times from Beijing, Tokyo and Seoul, continues to develop and attract a larger share of international gamblers as well, providing yet more competition for global gambling tourists.

Conclusion

As the U.S. economy continues its recovery, so too will the domestic gaming industry. However, increased competition from new international gaming destinations as well as seemingly ever-increasing domestic venues will limit the market share and economic prospects of both established and prospective gaming sites even as the overall industry grows slightly. While the U.S. gaming industry is still a long way from being down to its "last chip and a chair," it is certainly not the big stack at the global gaming table any longer and must continue to innovate in order to remain strongly relevant.

Self-Storage

By: Matt Swanson, MAI
Managing Director
IRR – Metro LA

The self-storage market appears to have bottomed out in the middle of 2010 after declining from the market peak in the 4th Quarter of 2007. A strong indicator of this trend is the combined performance of the sector's four largest public REITs – Public Storage, Extra Space, Sovran, and CubeSmart – which control approximately 6% of the total available storage space in the country. These REITs' combined performance on a national basis is summarized in the following chart.

Major Self-Storage REIT Performance (Fig. 38)

	YTD Sept 2010	YTD Sept 2011	% Change
Avg. Occupancy (sf)	87.3%	88.60%	1.5%
Total Revenue	$1,490,236,000	$1,551,376,000	4.1%
Total Operating Exp.	$543,654,000	$543,881,000	0.0%
Expense Ratio	36.5%	35.1%	-3.9%
Net Income	$946,582,000	$1,007,495,000	6.4%

Occupancy (on a square foot basis) increased 1.3% on average. Increased occupancy combined with rental rate increases to drive revenues higher by 4.1%. The increased revenues paired with level expenses resulted in an increase in net operating income for all four major REITs, collectively averaging a 6.4% increase in net income over the comparable reporting periods, up from a 5.4% increase in the previous quarter's comparison. Such increases are a positive indicator for the storage industry.

While these institutional assets have performed well, the positive trends of these assets likely overstate the performance of the entire industry, as the assets held by these REITs are generally stable and strong performing assets in higher density markets.

Self-Storage Investment Market

Positive performance fundamental trends combined with a renewed investment demand in the storage sector have combined to drive down capitalization rates for institutional quality assets. During the 3rd quarter of 2011, the four major REITs acquired approximately 150 facilities for a collective price of just over $1 billion. Other active buyers have included Strategic Storage, a private self-storage REIT and W.P. Carey. The latter purchased 43 facilities from A-American for a price of just over $166 million. Most of these institutional investors are targeting the larger coastal markets.

Heavy investment activity is in turn pushing down capitalization rates. Although the normal investment range is still from 7.0%-9.0%, aggressive transactions are closing in the 6.0% range. These lower rate transactions typically reflect institutional buyers purchasing Class A properties in primary markets to control greater market share in those markets. Secondary facilities have experienced limited success in commanding similarly low capitalization rates.

Conclusion

Storage revenues are generally still below 2005-07 peak levels. This marked a period of rapidly increasing supply resulting in over-built and saturated conditions. Even with the recent positive demand trends, current inventory levels are sufficient to meet demand in most markets. As a result, construction of new facilities is not likely in most markets. High unemployment and a decline in consumer spending are also considered conditions that will negatively impact self-storage over the long-term.

Japan

By: Yuji Hirota, Deputy Managing Director
Yoshiyuki Kikuchi, Ph. D., Research Fellow
Kazuya Tani, Research Fellow
Japan Real Estate Institute (JREI)

IRR has a strategic partnership with the Japan Real Estate Institute (JREI) to provide international research and service coverage in Japan. Founded in 1959, JREI is the oldest and largest real estate appraisal and research firm in Japan. It conducts a real estate investor survey twice a year by asking for the opinions of major investment market participants. JREI's first survey was carried out in 1999. For more information about the investment market participant survey and JREI, please visit JREI's website at www.reinet.or.jp/en/index.html

Cap Rate Trends in Three Major Cities

- The lowest cap rate for Class A office buildings are in the Marunouchi/Otemachi area in Tokyo's CBD. The office capitalization rates of the area trended downward in the survey until October 2007 when it registered 3.8% and has since trended upward. The latest figure stands at 4.5%.
- Most Class A office buildings in the Marunouchi/Otemachi area are owned by large real estate firms, which seldom dispose of their holdings.
- The latest office capitalization rates of Osaka and Nagoya were reported at 6.0% and 6.4%, respectively.

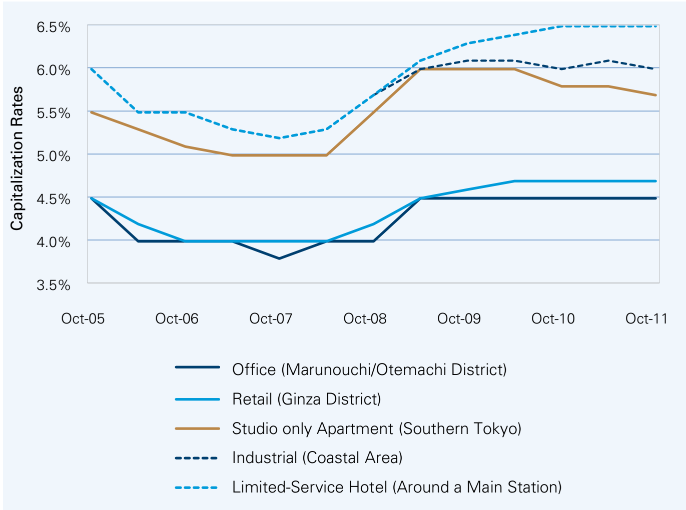
Cap Rate Trend by Product Type in Tokyo

- Regardless of the product type of investment real estate, cap rates have moved upward since October, 2007 in Tokyo.
- The latest capitalization rates for prime real estate are as follows: 4.5% (office), 4.7% (retail), 5.7% (studio-only apartments), 6.0% (industrial), and 6.5% (limited-service hotels).

Japanese Real Estate Investment Market

The global financial crisis affected the Japanese real estate investment market as hard as other parts of the world. Investment conditions deteriorated during the downturn. Since then, the market was gradually recovering until early

Capitalization Rates in Tokyo by Product Type (Fig. 39)



2011 by means of a number of M&A activities in the REIT sector, real estate investment fund formations, and improved capital and financial markets thanks to eased monetary policies and the Bank of Japan's J-REIT share purchases.

In March 2011, the Great East Japan Earthquake altered the recovery. Economic fundamentals became worsened due to a supply shortage and weak personal consumption. In addition, the nuclear power plant accident made market participants, especially Western investors, withdraw from the markets and take a wait-and-see attitude.

During the second half of 2011, the market started to see the impact of the earthquake subsiding and market sentiment slowly improved amid a favorable financial environment. Nevertheless, considering economic uncertainties, such as the strong Japanese yen and volatile equity markets caused mainly by the European sovereign debt crises, JREI expects that more time will be required for market participants to fully regain their confidence.

Canada

Canadian real estate markets remain the most stable in North America due largely to a historically conservative banking industry. While most of the news is relatively consistent across the country's vast landscape from last year's report, there are highlights which point to a relative slow down in transaction volumes in Canada. Canada's economy had remained relatively strong in contrast to most of the world over the global recessionary period that began in 2008. However, recent trends indicate that Canada is increasingly being affected by the economic turmoil around it, as two of its largest trading partners, the U.S. and Europe, continue to suffer economic uncertainty, especially considering the recent fiscal turmoil surrounding skyrocketing debt and default dangers on both continents.

While the unemployment rate in Canada continues to be about 200 basis points better than the U.S. on average, there is growing concern that lagging consumer confidence may be spreading north of the border, but for slightly different reasons than here. Many industries are entering a retrenchment strategy as a result of lagging demand for exported goods abroad. This lack of expansion points to a plateau in job growth and overall investment in commercial real estate.

Anecdotally, comments about "money on the sidelines" are similarly frequent in the Canadian private sector as they are here in the U.S. The reasons for retaining profits are quite different in Canada than in the U.S. Despite record corporate profits, U.S. companies remain miserly in terms of spending and capital investment due to broader economic confidence concerns and changes in economic and regulatory policy. Canadian companies are holding on to their profits as well, but mostly due to a lack of viable investment alternatives. Much like U.S. investors, Canadian businesses and equity funds are beginning to show the signs of weariness due to volatile stock market movement and lackluster bond returns, and as such, are beginning to search for alternative equity real estate positions to diversify portfolios. However, in Canada, the opportunity for quality real estate investment is limited due to supply, not because of financial constraints or lack of leverage access, but because so many institutional investors have already consumed much of the prime real estate.

Canadian institutional investors such as REITS and Pension Funds have consumed the majority of top tier properties in the country's 24 hour markets. There is a dwindling supply of Class A caliber properties due to lagging construction activity. As such, excess investment dollars have hence begun to flow south for opportunities in the top U.S. markets. The volume of Canadian commercial real estate transactions are projected to remain relatively flat as we move into 2012. The downward trend from the height of the real estate bubble in 2007 to an uptick in 2010 and a projected flat level in 2011, suggest that volume may be flat

Annual Canada Volume by Year and Property Type (Fig. 40*)

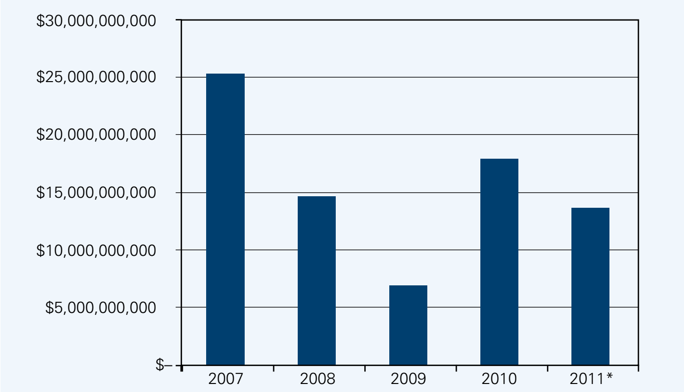
	Transactions				
Property Type	2007	2008	2009	2010	2011**
Apartment	$3,009,423,192	$2,073,480,505	$1,269,326,683	$2,153,015,507	$1,676,112,588
Dev Site	$1,767,451,432	$1,070,408,452	$554,566,117	$1,423,718,184	$788,883,586
Hotel	$4,114,193,344	$1,011,807,305	$177,134,937	$618,379,891	$809,759,709
Industrial	$4,512,330,403	$1,967,473,823	$1,033,596,457	$3,630,038,887	$1,492,615,992
Office	$8,750,005,697	$5,196,980,646	$1,882,638,231	$4,169,487,052	$5,347,481,498
Retail	$3,061,560,205	$3,267,747,961	$1,919,731,256	$5,881,935,014	$3,424,534,521
Total	**$25,214,966,280**	**$14,587,900,700**	**$6,836,995,689**	**$17,876,576,546**	**$13,539,387,893**

Source: Real Capital Analytics, Inc.

** Only Includes Large Cap Transactions above $10M USD*

*** 2011 data is current through 10/31/2011*

Canadian Investment Transactions Volume (Fig. 41)



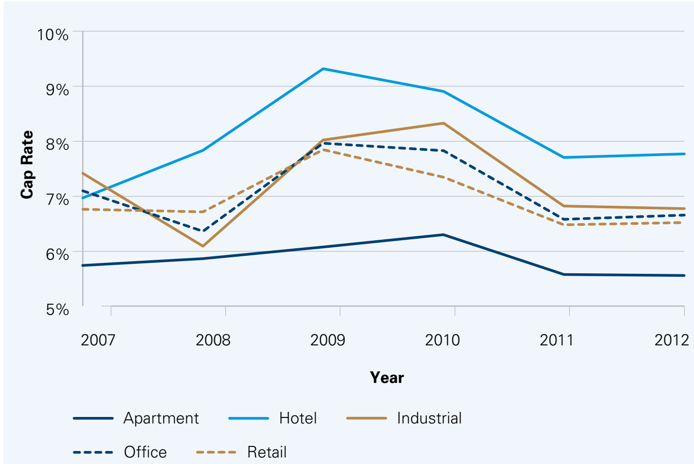
 Source: Real Capital Analytics, Inc.

in 2012 or that there may be a marginal decline; but robust growth in transaction volumes will be unlikely due to the lack of supply inside the Canadian market.

While there are differences amongst various markets in Canada similar to the U.S., the nation enjoys exceptionally high occupancy rates overall in every sector, averaging 90% plus across the larger markets in all five commercial real estate sectors. In a market flush with cash and enjoying healthy occupancy rates, one would think that new development would be burgeoning, however this is not the case. Construction activity is projected to be flat over the next year, and there is a growing concern of oversaturation in some property sectors, especially multifamily, where 60 story condo towers with 20-25% margins have been the norm in the nation's 24-hour markets.

All of this has combined to create a perfect recipe for healthy real estate values as buyers have become willing to accept lower yields as they vie for real estate investments as an alternative to equity markets. There is some belief that the

Cap Rate Trends by Segment (Fig. 42)



 Source: Real Capital Analytics, Inc.

cap rate compression experienced over the past few years will continue, pushing yield rates even lower, closer to European levels. However, interest rates in Canada, much like the U.S., are at historic lows, some might argue artificially low as monetary policy has been utilized to incentivize economic activity. The current Federal Funds rate is virtually zero in the U.S., while the Bank of Canada Overnight rate is set at 1%. Both institutions have signaled that the rate will remain low for a sustained period until both economies show stable growth and absorbed capacity. Absent any additional economic trouble, it is likely that cap rates will either continue to decline or stabilize over the next year until such time that interest rates motivate higher yield requirements.

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Integra Realty Resources, Inc. specializes in commercial real estate consulting and valuation assignments. IRR's appraisers and counselors are among the most outstanding experts in their local markets and are located in 61 offices throughout North America. IRR's employees hold designations from the most prestigious real estate professional organizations in the world, including more than 160 designated MAI's from the Appraisal Institute as well as 42 FRICS and 44 MRICS designated professionals from the Royal Institute of Chartered Surveyors (RICS).

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